

Treaty negotiations at the turn of the last century

THE LOST CENTURY

Moving Aboriginal Policy from the 19th Century
to the 21st Century



November 2002

Tanis Fiss, Director
Centre for Aboriginal Policy Change

In this issue:

- CTF releases major position paper on aboriginal policy
- Ready, Fire, Aim: The Federal Firearms Fiasco
- 2002 Year in Review

From the editor

Troy Lanigan is the CTF's
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The 'prudence' of tax cuts

The federal budget in 2000 modestly reduced income taxes, eliminated the income surtax and ended the insidious practice of bracket creep taxation. It was a rare occasion when the federal government paid attention to taxpayers.

What has happened since?

Well, payroll taxes have increased each year, a new flying tax on air travellers was imposed, the 'creep' has crept back into bracket creep and consideration of a hike in the GST remains. Not surprisingly, Tax Freedom Day fell two days later in 2002 than just one year previous.

The culprit?

Three years ago Ottawa spent \$110-billion on programs. That jumped to almost \$120-billion in 2001 and to nearly \$130-billion last year.

There's been a two-prong inertia at play: one is the Prime Minister's search for a grandiose tax-funded 'legacy' and second, are potential leadership

rivals – albeit dropping by the day – seeking spending announcements to curry favour with potential Liberal voters.

Taxpayers have never been more ill served. States the Prime Minister: "... I don't give a damn. You know, it's my last job. I'm not applying for any job with anyone when I quit."

“ Three years ago Ottawa spent \$110-billion on programs. That jumped to almost \$120-billion in 2001 and to nearly \$130-billion last year.”

The timing could not be worse.

Literally weeks before a federal budget, U.S. President George Bush announces a \$674-billion tax cut. Yes that's a 'b' and yes those are U.S. greenbacks – the equivalent of one-trillion northern pesos!

If passed, a four person American family earning \$40,000 (\$61,300 Cdn) will pay no federal income tax!

Predictably, response north of the 49th parallel by Minister

Manley is to suggest that "avoiding a deficit is the prudent course of action".

Of course 'prudence' in the Manley/Chretien world reasons that deficits are caused entirely by a lack of tax revenues. Has it ever occurred to anyone that deficits might be caused by spending? What 'prudence'

was exercised by Chretien and co. when they embarked on multi-billion dollar boondoggles like the gun registry, HRDC, 'sponsorgate' and non-repayable corporate welfare handouts?

Even before the Bush tax cut announcement the Conference Board of Canada forecast that the average per capita income in the U.S. will be \$12,000 higher than in Canada by 2010! This, coupled with news that federal surpluses over the next five years are expected to top \$70-billion – but tax cuts aren't 'prudent'?!

The outgoing Prime Minister may not give a damn; Canadian taxpayers do. ■



The Canadian Taxpayers Federation (CTF) is a federally incorporated non-profit and non-partisan organization dedicated to lower taxes, less waste and accountable government. Founded in 1990, the Federation is independent of all partisan or institutional affiliations and is entirely funded by free-will, non-receiptable contributions. All material is copyrighted. Permission to reprint can be obtained by writing the administration office. Editorial cartoons are used by permission. Printed in Canada. Post Office: Agreement number 1473506. Return all undelivered copies to: Canadian Taxpayers Federation, 105 - 438 Victoria Ave. East, Regina, Sask., S4N 0N7

Jan
Feb
2003

In this issue



6



Waste Watch

An aging rock-n-roller's farewell tour...and the bill left for taxpayers.

38



BC: Campbell challenges tax cut opponents

Put your money where your mouth is.

12



Ready, fire, aim

Ottawa's gun registry misses the mark and costs taxpayers \$1-billion.

40



AB: Getting good value for education tax dollars

CTF submission to Alberta's Commission on Learning.

18



CTF prebudget submission packs a punch

It's time Ottawa got back to basics.

42



SK: The road less travelled

Three taxpayer wishes for the new year.

22



The Lost Century

CTF's position paper moves aboriginal policy from the 19th to 21st century.

44



MB: The 'art' of spending

MPI: Auto insurance or art collection agency?

29



Year in Review

Your CTF fights for taxpayers in 2002.

46



ON: Pre-budget recommendations

Correcting the Ontario government's year of blunders.

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Letters-to-the-editor



The following two letters are in response to articles appearing in the Nov/Dec '02 issue of The Taxpayer.

TaxFighter of the Year?
We [need Rob Ford] for Prime Minister! It's refreshing to see someone who does not think that being elected to public office instantly transforms them into royalty of some kind. We need many, many more people of Mr. Ford's quality and ethics in our public 'service'.

*Chuck Orr
Medicine Hat, Alberta*

Great article exposing SaskTel for what it is: a toy for bureaucrats to pretend to be entrepreneurs at taxpayers' expense. If those that manage SaskTel want to operate a business in competition with private companies then I [invite them to] put their own money on the line instead of hiding behind the pocket book of the taxpayer.

As for the Wide Open Future campaign, I join the hundreds of thousands of ex-Saskatchewan residents in saying 'what a joke'! If the government would support private business instead

of encouraging SaskTel and other Crowns to compete with it, the Wide Open Future campaign wouldn't be necessary.

*R. S. Walker
Winnipeg, Manitoba*

Golden Years?

I am retired and being haunted by the tax department to pay taxes for 2002 in October! What I thought were my 'Golden Years' have turned into a nightmare. Why on earth do I have to pay in advance for 2002 taxes? I will pay when my taxes are due on or after April 2003. I am so mad and disappointed in this "Our Canada."

*John Andersen
Toronto, Ontario*

Praise for *Tax Me I'm Canadian*

I just picked up Mark Milke's book *Tax Me I'm Canadian* at the local Park Royal book shop in West Vancouver. I will read every word with great interest and to hell with the blood pressure! I hope Mark has not severed all ties with the CTF — he is synonymous with the CTF here in British Columbia and has been



a first class spokesman. I wish him well and hope to hear and read more from him.

*Clive V. Nylander
West Vancouver, BC*

Sheila's Tape Tax Take II

Now we must pay a huge levy when we purchase recording media in order to subsidize artists and the music industry.

The theory is that many people have been stealing copyrighted music. I have never recorded any music from the Internet and do not plan to do so. Since I use such media for my own record keeping and programs I resent having to subsidize what will be mainly American music enterprises and American entertainers.

Financing American and other foreigners through the coercive use of the tax system seems a strange way to promote Canadian

Letters-to-the-editor

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Letters-to-the-editor

enterprises and Canadian entertainers.

*James Beauchamp
Charlottetown, PEI*

Alberta Education Reform

I agree with all five [education reform] points made by John Carpay in his excellent article, "Some lessons for the teachers" appearing January 5th in the *Calgary Sun*.

I particularly support the need for merit pay for teachers and the parental choice given by a voucher program ... The only solution to better education is

[not] more taxpayer money.

*Al King
Calgary, Alberta*

The Taxpayer earns support

Thank-you for sending us copies of The Taxpayer magazine. I read them from cover to cover. Although my husband and I try to keep up on happenings, there were several articles that were really shocking.

... If Ernie Eves reneges on the [Taxpayer Protection Act] in any way he will lose my support ... It was also surprising that Ralph Klein is

so cavalier in his spending. If 'conservatives' can't keep out of our pockets what chance do we have in this country?

God help the poor law-abiding taxpaying citizen. I have decided to support the CTF ... I am hoping more people wake up and join so that we [may] have a greater voice.

*Madelene Gilligan
Plantagenet, Ontario*

The Taxpayer has been a great way for me to stay in touch with home while living in the United States.

*Paul Ford
Knoxville, Tennessee*



Waste Watch

Senators new digs

Architects across Canada are drooling in anticipation of a call from Public Works for designs on new digs for the Senators. Yes, you read that right. Ottawa wants to construct new office buildings on Parliament Hill to house Senators.

Paul Choquette, director-general of the Parliamentary Precinct said, "It's a unique project. It's huge. Every architect in Canada is interested in it."

It's part of a grandiose, legacy-type plan concocted in 1992 to renovate Parliament Hill. Public Works originally budgeted \$480 million — to be spent over 10 years — on the renovation project. The costs have since ballooned to \$1.6 billion and will not be completed for another seven to ten years.

As part of the plan, Ottawa says it will spend a mere \$200 million on what is described as a "state of the art, avant-garde" complex for the Senators. The focal point of this new construction will be a 20,500 square-metre-building featuring underground parking for 300 cars, two underground tunnels accessing other buildings on the Hill, 12 conference rooms and offices for 39 Senators. It will be aptly named the Bank Street Building.

Seven additional office blocks will also be

built to house the remaining Senators, with costs ranging from \$250,000 to \$500,000 per office.

In order to facilitate all the renovation and construction, Public Works will be required to construct temporary Senate chambers and offices.

Suggestions are already circulating that these estimates could be low depending on the architectural proposals.

Considering the Senate project will not be complete until 2009, can we expect yet another multi-billion-dollar Chretien legacy of waste and mismanagement — in absentia?

With files from the Globe and Mail

Minor changes cost big bucks

Two consultants charged the city of Quebec nearly \$30,000 to come up with three new designs for the city's logo. The bill has sparked outrage among Quebecers who look upon the whole fiasco as a colossal waste of tax dollars. Not so much in the amount of money that was spent, but rather on how little was done to earn it.

The current logo features a stylized version of Samuel de Champlain's ship along with the words "Ville de Quebec."

The new logos — wait for it — feature the same stylized version of Samuel de Champlain's ship along with the words "Ville de Quebec." The designers did toy with changing the ship's perspective so on one logo it looks like it's sailing in, versus



Up 8.6% in just 18 months...

Waste Watch

sailing out on the original logo. In another submission, the ship was slightly altered so it appears to be sailing on waves.

For the price, the consultants didn't even modify the type style other than changing the wording from lower case to upper case. They stayed with the original dark blue colour.

Speaking on behalf of the designers, William Verge stated "The major change is the typography, it is in capital letters instead of lower case, which gives it much more strength and character." These kind of powerful changes just send chills down your spine, don't they?

Despite the relative insignificance of the changes, the logo will nevertheless have a significant impact on Quebecers' pocket books. In addition to the \$30,000 bill, the city will spend upwards of \$5 million to change signs, business cards, letterhead and the like.

With files from the National Post

Ontario auto industry exempt from Kyoto

In yet another slap in the face to Canadians outside central Canada, Ottawa has quietly confirmed that Ontario car manufacturers are exempt from the implications of the Kyoto Protocol.

While Ontario-based auto makers get a pass on Kyoto-related factory-emission curbs, the Western-based oil and gas industry will be one of the hardest-hit. The catch is that Canada's overall emission

target remains unchanged, meaning other sectors like farming and energy will now have to pick up an even greater share of the emission reduction.

It would appear that Jean Chretien's idealistic sabre rattling only applies to business not based in Ontario. It is yet another reason why a referendum on the protocol was so important — as 25,000 Canadians who signed a Canadian Taxpayers Federation petition agree.

CTF Let's Talk Taxes

A bloating bureaucracy

Despite necessary reductions in the size of the federal bureaucracy during the mid 1990s, Statistics Canada now reports that between January 2001 and June 2002, Ottawa added over 29,000 new employees to the payroll. This splurge in hiring brought the total number of bureaucrats employed by the federal government to 368,629 — an 8.6 percent increase in just 18 months!

In 1995, the federal government went through a program review and downsized a number of departments by giving em-

ployees buy-outs and early retirement packages. By 1999, the total

number of bureaucrats employed by the feds had

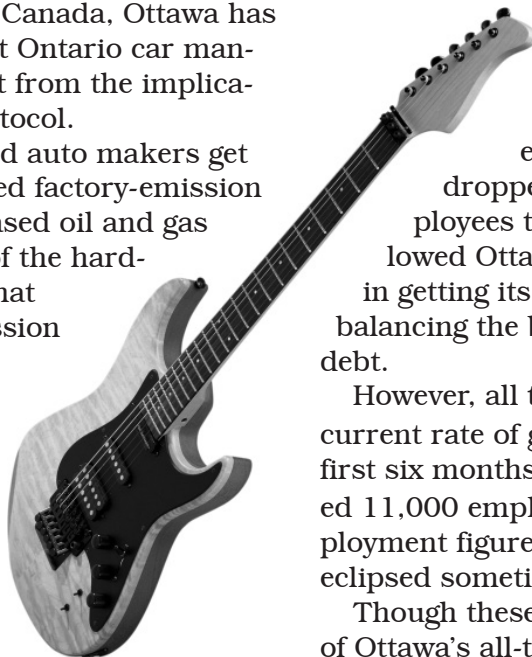
dropped by nearly 40,000 employees to 331,685. The move al-

lowed Ottawa to make the first steps in getting its fiscal house in order: balancing the budget and paying down debt.

However, all that has changed. At its current rate of growth — during the first six months of 2002 the feds added 11,000 employees — the 1995 employment figure of 371,053 was likely eclipsed sometime this past fall.

Though these numbers still fall short of Ottawa's all-time record of 415,387

**Everyone hopes
that it will be
this aging rock
and roller's,
final farewell
tour...**



Waste Watch

employees set in 1991 during the Mulroney years, it's a clear signal Canada is returning to the big-time spending ways of days past. At the current rate of growth, the 1991 employment record could easily be broken in the next two to three years.

With files from *Globe and Mail*

Jean's farewell tour

Reminiscent of a fading rock-n-roll star, Jean Chretien is planning his farewell tour. But not at a stadium near you. This is a world tour!

Such tours appear to be a time-honoured tradition for retiring Prime Ministers, as both Pierre Trudeau and Brian Mulroney took full advantage of taxpayers' wallets to make similar tours. Ironically, Jean Chretien lambasted Brian Mulroney for taking a similar trip in his final year of office. Mulroney's finale, however, will pale in comparison to what Jean has in store.

Chretien and his band plan to tour four continents — some twice — over the next year or so. His itinerary, so far, includes:

- In May, Jean will jet to Athens for the Canada-EU summit. During this trip, he will make a quick flight to St. Petersburg as the Russian city

celebrates its 300th anniversary.

He plans to attend the spring Commonwealth Summit to be held in Abuja, Nigeria.

- The PM will also take a vacation — err trip — to Evian in the south of France to attend the G-8 conference.
- A trip to Bangkok, Thailand is scheduled in the fall to attend the annual Apec Summit.
- A Team Canada tour to Milan, Rome, London and Amsterdam is planned for March, along with a side trip to the Hague.

All this and there are still several more months to arrange even more world tour dates.

Last year, the PM's office spent about \$12.7 million in travel, which included Chretien's own personal expenses as well as those of his handlers. Expect this year's bill to be significantly higher.

But taxpayers have more to fear than just the bill for these tours abroad. The Prime Minister has repeatedly used international forays as a soap box to announce increased spending back home -- Kyoto and a promise to substantially increase foreign aid come to mind.

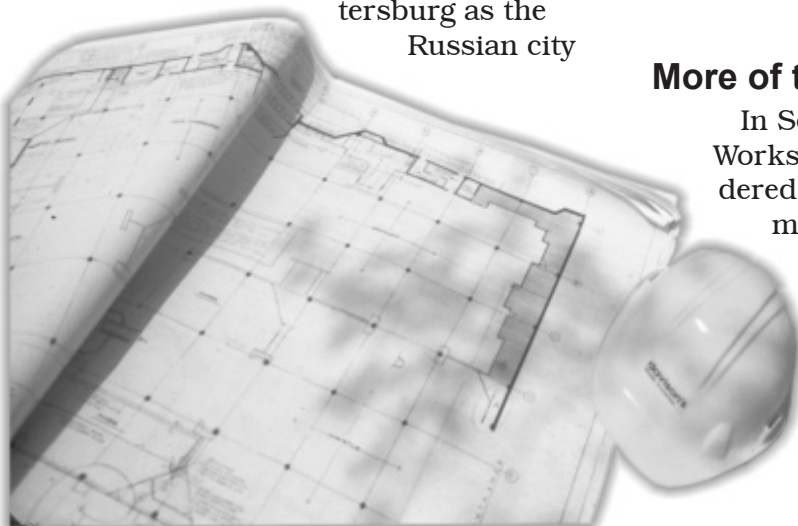
With files from the *National Post*

More of the same

In September last year, Public Works released an audit it had ordered to root out problems in its much-maligned and controversial sponsorship program.

The \$40 million-a-year program set up in 1997

Architects are drooling, taxpayers are grimacing...



Waste Watch

was used to purchase sponsorships at cultural and sporting events mostly located in Quebec. The purchase of these sponsorships were handled by a number of advertising firms, many with close ties to the Liberal Party. Such firms as Groupaction have since become household names in connection with this program.

However, the audit — a five-page sanitized version of the original 16 pages — did not reveal any significant findings.

In December, the Globe and Mail got its hands on a copy of the full 16-page version that had not suffered the censor's knives. Not surprisingly, the audit uncovers a scathing analysis of waste, overbilling and mismanagement in the sponsorship program. Here is an overview of some of the audit's findings:

- One highly placed ad executive, Gilles-Andre Gosselin, charged the federal government \$625,325 for personal work he had done. According to the report, Gosselin billed the government for 3,673 hours — the equivalent of working 10 hours a day, every day of the year.

- Groupaction received a contract worth \$147,975 simply to scan gun websites in relation to the federal government's billion dollar gun registry.

- The Montreal-based firm Le Group Polygone was suspected of "systemic egregious overcharging." Since the program's inception, the company has received over \$40 million in contracts. The money was primarily used to purchase sponsorships at Polygone's hunting and fishing shows. The audit noted that while the federal government paid on average \$749,000 to purchase sponsorships at each of Polygone's shows, a major sponsorship at a hunting and fishing show in Toronto cost between \$80,000 to \$100,000. In addition, millions of tax dollars were also used to purchase advertising in many of Polygone's publications some of which advertised their own hunting and fishing shows!

- The audit described Communication Coffin's \$1.7 million in contracts as "extreme" overbilling. It specifically targeted the 300 billing hours that the ad firm charged for an insignificant post-mortem report described as "unsophisticated."

- Groupaction sent Public Works a bill for \$102,000 as an advertising charge for providing "professional oversight" on placing banners on ski hills across Canada. The audit stated, "it is difficult to imagine that 379.5 hours of labour was



\$30,000 to move things around on the Quebec city logo. (Note: original logo is bottom right).

Waste Watch

required relative to the contract.”

- In January 2000, the federal government increased its contract with Lafleur Communications by \$492,000 to cover the sponsorship costs for an event held five months earlier.

When Public Works Minister, Ralph Goodale, was questioned on why the government itself did not release this information, he quipped: “This is not in any way, on my part, any kind of cover-up.”

With files from the Globe and Mail

It's baffling

It will only cost taxpayers \$2,800 and some of that may be refunded, but the real issue is how any rational thinking department official could justify this payment in the first place.

The federal government has a program in place where management trainees are allotted \$1,500 a year for advancing “personal learning plans.” Any expenditures under the program must be approved by the Canadian Centre for Management Development (CCMD) which administers the program.

So Nicolas de Salaberry, a trade policy advisor for Agriculture and Agri-Food Canada, asked for financial assistance to take a six-month class at Ottawa's Rama Lotus Yoga

Kyoto: One man's exemption is another man's tax

Centre to become a Yoga instructor. He justified the payment by claiming it would help him to manage stress. The total cost for the class was \$2,800. Because of limitations in place under the program, Ottawa agreed to pay \$1,500 immediately and to pick up the tab for the remaining \$1,300 in the next fiscal year starting April 1, 2003.

After news of the subsidy became public, CCMD quickly backtracked admitting that the funding was a mistake and to his credit, de Salaberry has since decided to quit the class and is asking the Yoga centre to refund half the bill. If accepted, taxpayers may only be on the hook for \$1,400.

With files from the Ottawa Sun

Sonet to a broke taxpayer

One of Ottawa's newest employees is described as outspoken, irreverent and opinionated. Meet George Bowering — Ottawa's newly appointed poet laureate.

Leaving aside the necessity of a poet

for the House of Commons, the Vancouver-based writer appears well qualified having published nearly 50 books and winning the Governor-General's award.

Ironically, one of the arguments the Liberals put forward in support of an official Parliamentary poet was that the Americans have one.

The 65-year old Bowering was chosen from a list of 35 candidates selected by writing guilds and associations across



Waste Watch

Canada.

As Ottawa's poet laureate, Bowering will be paid \$12,000 a year. He will also have a yearly \$10,000 travel allowance and his own office in Ottawa.

So what does an official government poet do exactly? Well, going by the job description, not much. He can — if he wants — write poems celebrating state occasions and hold 'official' poetry reading sessions. Here's a suggestion. How about a poem titled "Sonet to a broke taxpayer."

With files from the Globe and Mail

What must you do not to qualify

It begs one question: what must federal bureaucrats do in order not to receive a year-end bonus that Ottawa pays to reward good performance?

Information released by Canadian Alliance MP John Williams reveals that Ottawa paid performance bonuses to bureaucrats working at the Canadian firearms registry!

According to Williams, 94% of senior executives at the Department of Justice received thousands of dollars in performance bonuses. Though the information — received from Treasury Board — was not broken down by program, essentially every senior bureaucrat in the Department of Justice qualified, including those responsible for the gun registry.

It was these bureaucrats who took a program that was

budgeted to cost a few million dollars and turned it into a billion dollar boondoggle. In her latest audit, Canada's Auditor General Sheila Fraser fingered poor management as the main culprit behind this outrageous waste of tax dollars.

But despite a performance that would have resulted in mass firings in the private sector, gun-registry executives managed to turn an abysmal performance into personal gain.

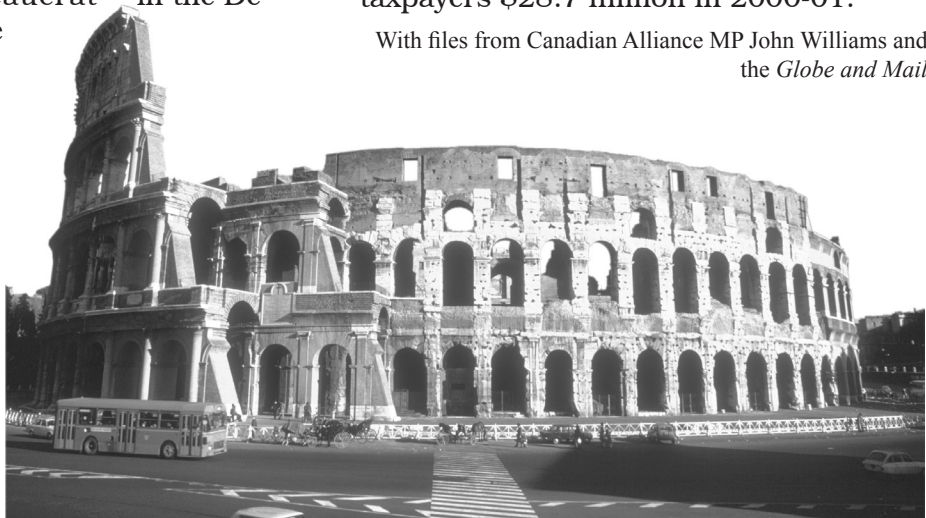
In the Treasury Board information, Williams discovered that in 1999-2000, Ottawa paid \$253,314 in performance bonuses to 35 of 40 Justice senior executives — an average of \$7,237 each. The percentage receiving bonuses in the department actually climbed in 2000-2001 with 49 of 52 or 94% of senior executives qualifying. The Treasury Board Secretariat — hiding behind claims of secrecy — refused to divulge dollar amounts paid in bonuses for 2000-2001.

Additionally, Williams noted that every single deputy minister in the Federal government (including Justice) received a bonus.

A Montreal-based newspaper later reported that between 3,600 and 3,800 gun-registry bureaucrats qualified for year-end performance bonuses costing taxpayers \$28.7 million in 2000-01.

With files from Canadian Alliance MP John Williams and the Globe and Mail

When in Rome....



ready fire Aim

The Federal Firearms Fiasco

By Bruce Winchester

A read through the Auditor General's (AG) report on the federal Liberal's

gun registry is reminiscent of a Keystone Cops routine – a comedy of errors each delivering a big slap to the taxpayer.

The AG has confirmed what critics long suggested: the gun registry will cost at least \$1 billion. Let's put that wasted money into perspective. A dollar spent every second would equal one billion in 31 years, 8 months and 16 days. The gun registry will spend your billion dollars in less than one-third that time.

Back in 1995, then Justice Minister Allan Rock sold Canadians a Bill-of-Goods – C-68, the Canadian Firearms Registry. The idea was to create a national registry to license gun owners and their guns, much like provinces do with cars and drivers. Oh how governments love to keep lists! Rock declared the grand scheme would cost only \$119 million to build and run, and that gun owners would cover \$117 million of that through registration fees, leaving taxpayers on the hook for \$2 million. Supporters of the registry applauded its low costs, their opponents were dismissed as gun nuts, and Canadians quietly accepted the registry.

From the beginning, your CTF was concerned about the potential cost of the gun registry. Articles and op-eds were written, comments were given to the media and at committee hearings and meetings with politicians taxpayer concerns were ignored. So in 2001, your CTF adjusted its strategy addressing a petition not to the politicians – who refused to listen – but to the Auditor General. We felt an investigation by the Auditor General would give credence to what critics – ourselves included – had been saying for some time. Here is what 14,000 Canadian taxpayers who signed our petition asked the AG to audit:

- The comprehensive costs of the federal gun registry spread throughout numerous government departments and agencies;



- The total number of bureaucrats working on the firearms registry; and
- The extent of public resources diverted away from law enforcement.

Each year, the AG selects federal programs for review, often uncovering gut-wrenching wastes of your tax dollars. This December's report on the gun registry was no exception. In fact, what AG Sheila Fraser found was a \$1 billion debacle so large that it couldn't even be properly audited! The audit was stopped, with the AG's succinct summarizing:

The Department of Justice Canada did not provide Parliament with sufficient information to allow it to effectively scrutinize the Canadian Firearms Program and ensure accountability. It provided insufficient financial information and explanations for the dramatic increase in the costs of the program.

The gun registry was flawed from the start. Nobody at the Department of Justice stopped to consider the merit, value or even the logistical difficulties of licensing and registering millions of gun owners and their guns. Not unlike the Kyoto Protocol, the government was prepared to force a major policy initiative on Canadians under questionable assumptions and objectives with no concern about costs or outcomes. The bureaucrats were ready, they fired but forgot to aim.

Existing gun owners had to fill-out complicated application forms and in the end 85% of these had to be manually processed. So much for self-reporting and easy data collection. Last year the centerpiece of the gun registry, its computer system, was scrapped. Developing a new system would be costly, but the original system had already been paid for. It is not hard to see how overall costs (pardon the pun) shot out of control.

Former Justice Minister (number two), Anne McLellan says: "[she] hadn't anticipated rebuilding the system." But not to worry because current Justice Minister (number three), Martin Cauchon, has the solution: spend more money! For starters the government is spending \$152,000 for consultants' reports. Note to Minister Cauchon: when you're in a hole stop digging!

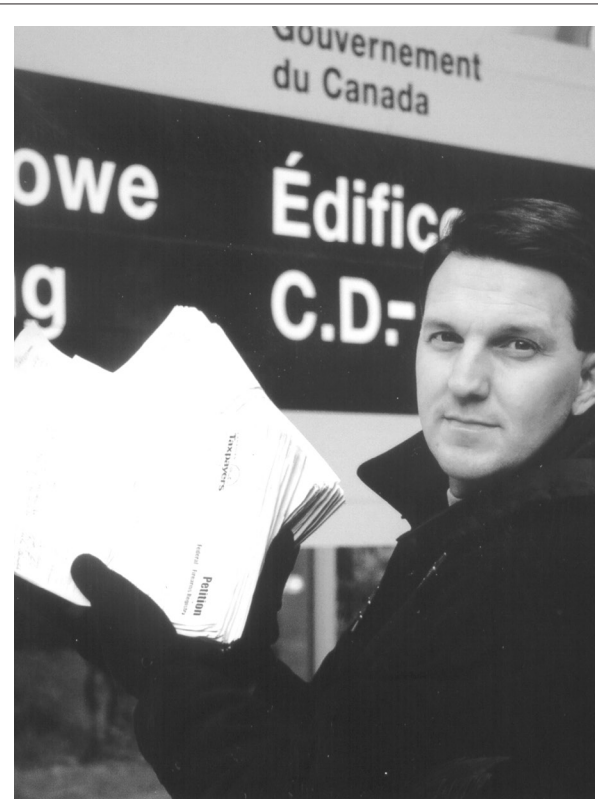
Not only is the gun registry in a hole, so is the reporting process to Parliament. How and why was this program able to grow to 430 times over budget?

Total Costs of the Firearms Registry: A Rolling Estimate of Total Costs

Year	1995	2000-2001	2004-2005
Total Cost	\$119 million	\$688 million	\$1 billion
Recoveries	\$117 million	\$ 59 million	\$140 million
Net Cost	\$2 million	\$629 million	\$860 million
Increase	n/a	314 times	430 times

This is not the end of the story. The AG has asked the Department of Justice to provide parliament with accurate and up-to-date cost and management information on the following:

- The full costs to develop, implement and enforce the Canadian Firearms Program;



Federal Director Walter Robinson delivers a petition to Auditor General Sheila Fraser on behalf of the Canadian Taxpayers Federation demanding an audit of the federal firearms registry.

- All revenues collected and refunds issued;
- Forecast costs and revenues at the point the Department expects the program to be fully operational – including details of outsourcing and moving the headquarters to Edmonton; and
- Complete explanation for changes in costs and revenues as well as changes to the overall Program.

The CTF has an even better suggestion: scrap the program! Not only is it a billion dollar boondoggle, it's not working. Toronto Police Chief Julian Fantino put it succinctly when commenting on growing gun crimes in his city: "A law registering firearms has neither deterred these crimes nor helped us solve any of them." The CTF urges you to contact the Prime Minister, Minister of Justice and PM in waiting Paul Martin, and tell them to take aim at the gun registry and shut it down!■

Write Today!

Hon. Jean Chrétien
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Prime Minister,
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Ottawa, ON K1A 0A6

Hon. Paul Martin,
MartinP@parl.gc.ca
PM in waiting
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Hon. Martin Cauchon
Cauchon.M@parl.gc.ca
Minister of Justice
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If I had a **billion** dollars...

The Auditor General has estimated the federal gun registry will cost at least \$1 billion; that's without any proof that the registry works or will have an impact on gun related crimes. The following list offers other ways \$1 billion could have been spent.

10. Spend \$3,235 more to investigate every violent crime committed last year;
9. Purchase 21 million gun trigger locks and 21 million long-gun carrying cases or purchase 7 million gun cabinets from Canadian Tire;
8. Compensate 40,000 victims of crime;
7. Offer a \$1.8 million reward to help get a conviction for every murder committed last year;
6. Pay 40% of all adult jail costs;
5. Pay for the running of all courts in Canada for one year;
4. Pay for 454 years of operating the National Weapons Enforcement Support Team, which seized 2,000 illegal weapons in two years;
3. Hire 17% more police officers – that's 68 thousand officers in total for 2003;
2. Pay for the City of Toronto's police services for two years; and
1. Pay for one year of operating every local police force in all the provinces except Ontario, Quebec and BC.



**\$1 billion
would have
more than
covered the
costs for
running all
courts in
Canada for
one year.**

Your views:

Each year the CTF conducts a comprehensive survey of its supporters. One part of the survey deals with priority and emerging policy issues. CTF representatives use these results in presentations before committees, politicians and decision makers. They provide important direction in our advocacy work. The following are highlights of questions and responses taken in August and September 2002. Thank you to those supporters who took the time to respond.

1. Which one of the following do you feel should be the highest issue priority pursued by the CTF?

Uncovering waste	34%
Accountability / democratic reform issues ...	31%
Debt reduction	19%
Lower taxes	10%
Specific solution / policy alternatives	2%
No answer	3%

2. Do you feel your tax burden over the past two years has increased, decreased or remained the same.

Increased	74%
Decreased	7%
Same	17%

3. If federal taxes were to be cut which one tax would you give the highest priority to reducing?

Personal Income tax	37%
GST and sales taxes	33%
Gas taxes	14%
Payroll taxes	7%
Business / corp taxes	4%
Customs and excise tax	1%
Undecided	4%

4. Please select what you feel should be the top priority for the federal government.

Economic policy	53%
Health care reform	17%
Aboriginal policy	11%
Trade policy	9%
Defence policy	3%
Electoral reform (Write in) ..	3%
Accountability (Write in) ..	3%
Social policy reform	1%
Environmental protection ..	1%
National Unity	1%
Other/no answer	4%

5. Do you support the government's efforts in addressing international climate change through the Kyoto protocol?

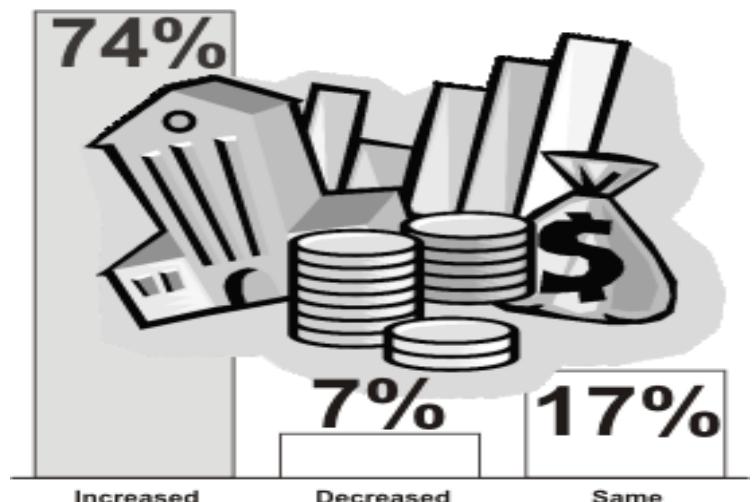
Yes	17%
No	55%
Undecided	26%
No answer	2%

6. What is the most important element/ingredient to you in a health care system?

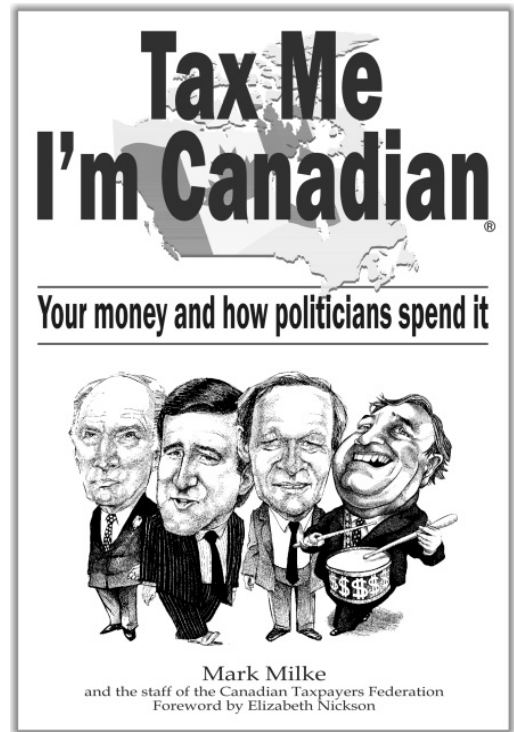
Timeliness of care	28%
Quality	26%
Universality	16%
Accessibility	11%
Cost effectiveness	7%
Portability	6%
Choice of treatment/physician	3%
Publicly funded	2%
Comprehensive	1%
No answer	1%

Supporter survey response:

Do you feel your tax burden over the past two years has increased, decreased or remained the same.



Your employees probably think you're the reason they didn't get a raise this year



Shouldn't they know the truth?

Buy your employees a copy of *Tax Me I'm Canadian*

Workers now pay up to \$2,620 in just payroll taxes every year – that's up \$817 from 1992.

Employers pay up to \$2,948 per employee in payroll taxes every year — up over \$700 annually from 1992. In addition, the federal government keeps hundreds of millions of dollars from employers in EI overpayments every year.

What can you do? Buy your employees *Tax Me I'm Canadian* – *Your Money and How Politicians Spend It* so they will know where the money goes (read: Ottawa!) and then let everyone else know about this ground-breaking book.

Written by Mark Milke, a former director and spokesman for the Canadian Taxpayers Federation, *Tax Me I'm Canadian* lays out the facts about taxes and spending in Canada (including payroll taxes) in an easy-to-read, easy-to-understand style. Illustrated with charts and cartoons from *Victoria Times Colonist* cartoonist Adrian Raeside, *Tax Me I'm Canadian* is already a national bestseller. It should be on your employee's reading list!

Canadians need to know the facts about taxing and spending –

including Canada's early history as a country that valued small, effective government and low taxes.

Special discount offer for CTF supporters and bulk orders.

For ordering information and prices, see coupon on this page. Also available in bookstores across Canada at the regular price.

Special supporter discounts

Tax Me I'm Canadian regularly retails for 23.95 + GST + Shipping

These special discounts for CTF supporters below include taxes and shipping!

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6-10 books 20.00 ea.....
11-19 books... 18.00 ea
20 or more16.00 ea

Tax Me I'm Canadian

Your money and how politicians spend it

****All prices included GST, PST and shipping****

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1-5 copies Qty _____ x 22.00 ea = _____

6-10 copies . -- Qty _____ x 20.00 ea = _____

11-19..... -- Qty _____ x 18.00 ea = _____

20+ copies ... -- Qty _____ x 16.00 ea = _____

Total.....

Payment:

____ Cheque / ____ Money order / ____ VISA / ____ Mastercard

(No COD or cash) (Cheques payable to Canadian Taxpayers Federation)

Card Number: _____

Expiry date: _____

Signature: _____

Ship to:

Name: _____ City: _____

Address: _____

Postal code: _____

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#105-438 Victoria Avenue E. Regina, SK S4N 0N7

Fax Orders:

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Phone orders: Please have credit card information ready

1-800-667-7933

Or order off our website: www.taxpayer.com

CTF Pre-budget Submission Packs a Punch

by Walter Robinson



In late February, Finance Minister John Manley will rise in the House of Commons to deliver his first budget. It will also mark the last budget for Jean Chretien as Prime Minister. Back in the September/October edition of *The Taxpayer* we told you about our Back to Basics: ABCDEFG pre-budget agenda.

In the last four months your CTF has been very busy pushing our Budget 2003 themes forward. In September and October all CTF directors utilized talk radio and TV interview opportunities to communicate our pre-budget priorities to regional and national audiences.

On November 7th, the CTF released its federal pre-budget submission entitled ***Back to Basics: ABC-DEFG for Budget 2003***. Supportive editorials appeared in several publications praising our call for the abolition of capital taxes, increasing the basic personal exemption to \$15,000 over a period of five years, ending corporate welfare and enacting a legislated schedule of debt reduction.

The next day, the CTF appeared before the House of Commons Finance Committee in Montreal to testify and further explain its pre-budget recommendations. As usual, CTF testimony dominated the morning session of the Committee's hearings.

Less than two weeks later – November 18th to be

Budget 2003



Federal director Walter Robinson (right) meets with federal Finance Minister John Manley.

precise – we met with Minister Manley in his Parliament Hill office. Given that we have publicly crucified Minister Manley in the past on issues such as corporate welfare and NHL subsidies we expected a chilly and short meeting.

To our surprise, our scheduled 25-minute meeting ran 45 minutes with the Minister expressing a genuine interest in our proposals, specifically those dealing with abolition of capital taxes, real Employment Insurance reform (EI) and further debt reduction. This completed our ministerial level lobbying for this February's budget which started back on August 26th during a meeting with Junior Finance Minister Maurizio Bevilacqua.

CTF supporters can rest assured that these meetings are helpful as evidenced by several meetings with former Finance Minister Paul Martin in the run up to the historic February

2000 budget when bracket creep was eliminated – the successful culmination of a three-year campaign.

In late November – under the long-shadow of the Romanow Report – the House of Commons Finance Committee released its pre-budget recommendations and the CTF's

influence was evident in their proposals for elimination of the capital tax, EI reform and further debt reduction.

Just after Christmas we learned just how serious the federal Finance Department takes our recommendations. Through *Access to Information* we learned that some 40 pages of briefing notes, labelled as **Secret: Advice to Minister** were prepared for Kevin Lynch, the Deputy Minister (read: top bureaucrat) at Finance for a meeting he was to have with Junior Minister Bevilacqua shortly before our meeting with

“CTF supporters can rest assured that these meetings are helpful as evidenced by several meetings with former Finance Minister Paul Martin in the run up to the historic February 2000 budget when bracket creep was eliminated – the successful culmination of a three-year campaign.”

Budget 2003

CTF Ranks high on trustworthiness scale

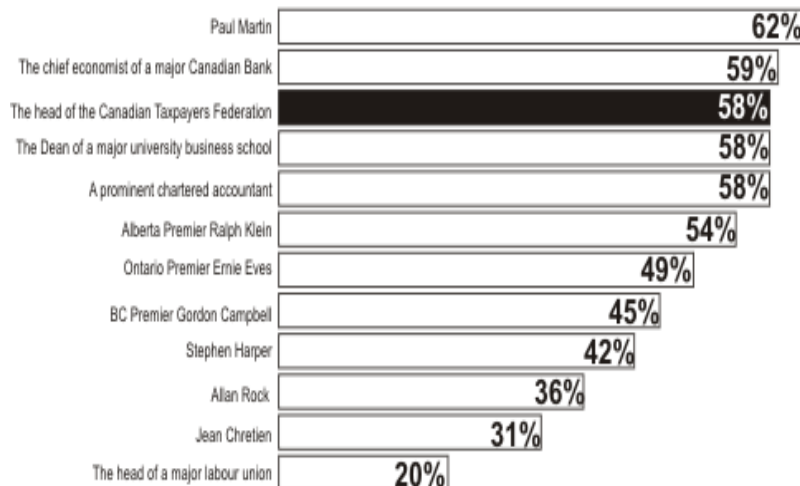
Canadian business leaders place your CTF ahead of most major politicians, chartered accountants and even academics when it comes to trustworthiness on matters of tax policy.

A COMPAS poll of the country's CEOs conducted from September 24-26, 2002 and featured prominently in the September 30th National Post ranks the CTF 3rd in a list of 12 on the trustworthiness scale.

Stated COMPAS president Conrad Winn, "Those that are ranked highest, such as the banks and Taxpayers Federation, are highest because they are seen as being outside the fray."

Suppose a major debate took place on tax policy, and there was disagreement. Please score each of the following for trustworthiness on the issue, using a 100-point card where 100 is the best possible score.

Source: COMPAS Inc / National Post, September 30, 2002



Mr. Bevilacqua in August.

Almost 20 pages of these notes are dedicated to costing out our pre-budget submissions which were merely hinted at in a local newspaper column. On the positive side the briefing notes backed up our call for a fall budget. The notes state:

"As the amount of new information between the fall and winter are limited, an earlier date is preferable. The least preferable option is a Spring budget."

As well the briefing notes seem to validate our claims of EI and CPP overpayments in the neighbourhood of \$750 million being charged to Canadian employers.

Sadly, the one area where there is significant disagreement between the CTF and the Finance bureaucrats is on the matter of legislated debt reduction. While we continue to press for a legislated schedule of debt reduction, devoting actual fixed amounts (in law) to debt retirement each year, Finance officials argue for the more flimsy practice of simply reducing the overall debt-to-GDP ratio.

Specifically the "secret" advice states: "More to the point, it is not the dollar level of federal debt itself that has any relevance ... what matters is the debt

Budget 2003

burden in terms of the size of the economy.”

Quite frankly this is ludicrous. Debt interest payments alone still chew up almost 25 cents of each tax dollar and represent the single largest expenditure of the Government of Canada. From

now until budget day your CTF will continue to pound home this message and work to ensure that this February's budget leave a positive legacy for taxpayers, not a spending one for Jean Chretien.●

Some timely advice...

So what should John Manley do? Simple, he should get back to basics. This past fall your CTF presented its Back to Basics: ABCDEFG Budget 2003 plan to both the House of Commons Finance Committee and later to Finance Minister John Manley. In a letter dated December 17, the Minister thanked the CTF for its presentation stating: “I acknowledge the valuable input that the government receives from your organization. I appreciate the support of the Canadian Taxpayers Federation for a balanced federal budget ... I assure you that your recommendations will be considered carefully during the development of the 2003 budget.”:

Abolish the capital tax. Taxing plant and equipment to the tune of \$1.4 billion each year is punitive, stifles innovation and retards economic growth.

Basic standard of living. Change the basic personal exemption (BPE) to the basic standard of living credit (BSLC) and lay out a three-year plan to raise this amount to \$10,000 enroute to \$15,000 over six years.

Corporate Welfare: end it now. Wind up industrial subsidy programs and regional devel-



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opment initiatives (now pegged at \$4 billion per year) and replace them with equivalent business tax reductions.

Debt Reduction: devise a schedule and enshrine it in law. It's time to end the fiscal crime of intergenerational tax evasion by passing our debt onto our kids.

End EI and CPP employer overpayments. As employees move between jobs, a whole new set of payroll taxes are paid by workers and employers. While workers can recoup this money at tax time, employers cannot and it costs them an estimated \$750 million annually.

Forces and the Family. Start to repair the damage of 30 years of starving the Canadian armed forces by making targeted investments in the Canadian military. It's also time to adopt the 1966 Royal Commission on Taxation (aka the Carter commission) recommendation and treat the family as the base unit of taxation.

Gas taxes for cities. Adopt the CTF's Municipal Roadway Trust formula to devote \$2.2 billion in gas taxes each year for the next three years to roadways in Canada's cities.■

THE LOST CE

Moving Aboriginal Policy from the

by Tanis Fiss

In March 2002, the CTF opened the Centre for Aboriginal Policy

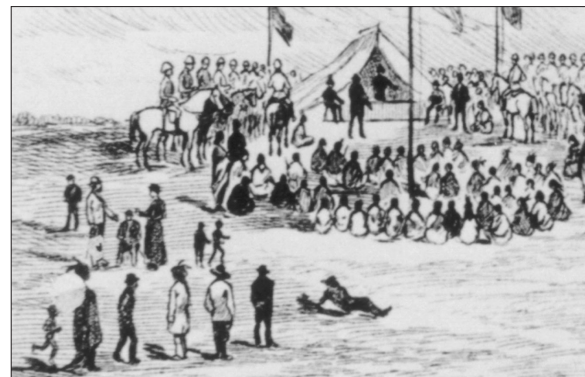
Change (the Centre). For years, the CTF blazed a trail challenging conventional wisdom as it pertained to Aboriginal policy and building the case for change.

However, we soon realized that we were only scratching the surface of this important issue and were often haphazardly jumping from one issue to the next. The creation of the Centre was a recognition of the need to proactively coordinate our various aboriginal-related research and advocacy efforts under one umbrella.

The Centre is not only a CTF first, but a Canadian first: a full-time, permanent, and professional advocacy presence to monitor, research and provide alternatives to current aboriginal policy.

One of the first tasks of the Centre was to develop a comprehensive position paper bringing work together the CTF has done since 1997. *The Lost Century – Moving Aboriginal Policy from the 19th Century to the 21st Century* was released November 14th. The paper shows that increased government spending has not improved health and other social indicators for native Canadians, and outlines the inequality current federal legislation and policy has created for Indians.

Good governance, accountability and transparency are minimal requirements for native communities to thrive. In addition, for native communities to produce wealth and prosper within the Canadian econom-



ic mainstream, the *Indian Act* must be phased out. To begin the process of eliminating the *Indian Act*, the current exemption from taxation must be phased out. As it exists now, an artificial competitive advantage has been created.

What follows is a brief overview of the position paper's contents and its eight recommendations:

OVERVIEW

It can be argued that the current plight of Aboriginal people was created in 1867 when the Canadian Constitution gave the federal government explicit responsibility for "Indians and lands reserved for Indians," thereby precluding provinces from legislating for Indians. The myriad of programs available to any other citizen of a province are not available to Indians living on reserve land thereby requiring the federal government to create a separate layer of bureaucratic overlap. Consequently, the federal government – by having programs specifically for Indians – treats Indians differently than other Canadians.

Fortunately, there are no legal or constitutional barriers to ending fed-

The 1969 White Paper illustrates a vivid example of why the *Indian Act* should be phased out. "... the separate legal status of Indians...[has] kept the Indian people apart from and behind other Canadians. The Indian people have not been full citizens of the communities and provinces in which they live and have not enjoyed the equality and benefits that such participation offers. The treatment resulting from their different status has been often worse, sometimes equal and occasionally better than that accorded to their fellow citizens. What matters is that it has been different."

NTURY

19th Century to the 21st Century



Artist's drawing of treaty negotiations taking place at the turn of the last century.

eral jurisdiction over Indians, because the Constitution allows but does not require the federal government to legislate for Indians. Just because the federal government has sole jurisdiction does not mean it must exercise it. Therefore, the federal government can abolish the *Indian Act* and its policies of segregation at any time.

The 1969 White Paper illustrates a vivid example of why the *Indian Act* should be phased out. "...the separate legal status of Indians...[has] kept the Indian people apart from and behind other Canadians. The Indian people have not been full citizens of the communities and provinces in which they live and have not enjoyed the equality and benefits that such participation offers. The treatment resulting from their different status has been often worse, sometimes equal and occasionally better than that accorded to their fellow citizens. What matters is that it has been different."

The most imperative ingredient for native communities to have long-term economic viability is individual private property rights. The key to generating wealth and prosperity is easily identifiable individual property

that can be leveraged for loans and wealth creation. Most Canadians can borrow against their own private property and thus capital is obtained to invest in new business ventures. Capital formation allows the expansion of the economy and accumulation of wealth. But without property as collateral, individuals on reserves have difficulty obtaining credit or doing deals with outside investors; therefore the wealth of the land is under-utilized.

There is a glimmer of hope. The federal government is slowly moving towards amending the existing *Indian Act*. The first piece of legislation to bring Indians to a more equal footing was the adoption of the *First Nations Land Management Act* in 1999. In the summer of 2002, the federal government introduced three more pieces of draft legislation: *First Nations Governance Act*, *Specific Claims Resolution Act*, and *First Nations Fiscal and Statistical Management Act*. The draft legislation will be subject to public debate and a series of reviews before passage. It is not likely the proposals will be proclaimed into law before June 2003. Thus, the federal government has an opportunity to

ALL CANADIANS ARE EQUAL

The position paper assumes that Canadians – all Canadians – are fundamentally alike. With the discovery of the human genome, science has shown that all humans share similar genetic codes. It is only about one percent of the genetic code that differentiates us by determining visible traits such as skin, eye and hair colour. Therefore, all legislation and government policy must be based on fairness and equality – not race.

PRAISE FOR THE LOST CENTURY

“... a new, unique national program was launched [in 2002] to closely examine and promote reform of Indian Affairs programs.

Its scope is grand, its method is muscular, its first recommendations sweeping. They come in a tough minded booklet ... titled *The Lost Century*.

We now have in play a project on aboriginal affairs that will lose the stink of political incorrectness and become pivotal in radically changing aboriginal policy

... the CTF has chosen a permanent arm in [its] Centre for Aboriginal Policy Change...

Its advent means we have a force at work which shrugs off white guilt and comes at Native affairs with a mission of promoting an end to our deepening division into two nations, not French and English, but so-called ‘First Nations’ and the rest of us.”

Douglas Fisher
Ottawa Sun
Parliamentary Analyst
December 15, 2002

stop ignoring the issue of private property rights, lack of accountability and the distorting effects that freedom from taxation provides for native Canadians living on reserves.

The position paper assumes that Canadians – all Canadians – are fundamentally alike. With the discovery of the human genome, science has shown that all humans share similar genetic codes. It is only about one percent of the genetic code that differentiates us by determining visible traits such as skin, eye and hair colour. Therefore, all legislation and government policy must be based on fairness and equality – not race.

SUMMARY OF RECOMMENDATIONS

The *Indian Act*

Clearly, treating one group of Canadians differently – often with preferential treatment – is wrong both morally and intellectually. For more than 130 years, Indians have been segregated from Canadian society by the *Indian Act*. There are no legal or constitutional barriers to ending the exercise of federal jurisdiction over Indians. The federal government can abolish the *Indian Act* and the policies of segregation at any time.

Recommendation 1:

To achieve equality for all Canadians, the *Indian Act* must be phased out over the next 20 years. By 2023 the *Indian Act* should no longer be part of the Canadian landscape.

Private Property Rights

Markets work best when property is privately owned. The land which comprises a reserve is owned by the Crown and is controlled collectively by the native band council, not by individuals. This communal arrangement imposed by the *Indian Act* produces problems

for aboriginal individuals and entrepreneurs. Most Canadians can borrow against their own private property, which is how capital is obtained to invest in new business ventures.

Recommendation 2:

If native communities are to become economically self-sustaining, the reserve land which is now held by the Crown should be transferred to individual natives living on-reserve, and to band members living off-reserve. It will be up to natives themselves to decide if they want



Isn't it time natives owned their own land?

to transfer the land into a communal arrangement or allow for the property to be owned and managed individually.

Tax Exemptions

The CTF strongly supports tax relief and tax reform for all Canadians. However, both must be based on the principle of fairness. Taxes should be based on income; meaning if people do not pay taxes, it should be because they are too poor to pay, not because of their ancestry.

Recommendation 3:

The tax exemption now provided for natives living and working on reserves is a provision of the *Indian Act*, not the Canadian Constitution. The *Indian Act* is like any other piece of legislation, capable of being amended and/or abolished at any time. Taxation at all levels

(municipal, provincial, federal) should be phased in for natives over a period of ten years. As it is now, an artificial competitive advantage for native businesses has emerged.

Accountability

Accountability on native reserves is lacking but there are ways to solve that problem. One possibility is to have native governments collect



taxes (as opposed to receiving grants from the federal government) in the way other levels of government collect taxes: through income taxes, property taxes and a multitude of other measures. This would have an immediate effect on the size of government on reserves, which is unreasonably large in comparison to non-native communities of similar size. Reserve governments should be subject to the discipline of being accountable to taxpayers. This would gradually reduce the excessive size of government on reserves.

Recommendation 4:

In order to increase the level of accountability on reserves, the payments currently transferred to native band councils should be re-directed to individuals. The money necessary for native governments could then be taxed back by the local native govern-

ment.

Independent Audits

Under the current system, once the federal government transfers money (tax dollars) from federal departments to native band councils, the Auditor General of Canada no longer has the authority to audit how and where the money is spent. Without checks and balances; inefficiencies, redundancies, corruption and abuse may occur.

Recommendation 5:

A system of independent annual financial audits and operation audits of Indian bands – similar to how the federal and provincial auditors conduct their audits of government departments and programs should be implemented. Expansion of the current Auditor General's mandate to include native bands is imperative for improved accountability and transparency.

Unequal Legal Rights and Entitlements

Native Canadians that live on reserves do not have to worry about paying their bills like other Canadians. They do not have to worry about their credit being ruined, or about possible fines. This is because section 89 of the *Indian Act* protects native property and assets located on reserves from any process of garnishee, execution or attachment for debts, damages and other obligations, including taxes, however justly due and owing.

Recommendation 6:

If native reserves are to become economically viable and compete within Canada, they must be subject to the same rules. The *Indian Act* must be changed to eliminate section 89 which shelters native property and assets located on

WHAT CANADIANS THINK

December 2001 National Post/Compass poll

74% of Canadians indicate aboriginals should pay the same levels of taxes other Canadians do.

65% of Canadians indicate homes, land and property on reserves should be owned by individuals rather than Canadian or aboriginal governments.

67% of Canadians indicate existing policy has not worked well and are ready to try something new

Praise for The Lost Century

“The Canadian Taxpayers Federation’s Centre for Aboriginal Policy Change argues in its bold new position paper, *The Lost Century*, if this country is ever to move beyond paternalism and hand wringing when it comes to aboriginals, we’ve got to dispense with the Indian Act and the archaic system of special status for Natives – a system that hurts those it is supposed to help.”

Linda Williamson
son
Toronto Sun
Associate Editor
December 20,
2002

reserves from any process of garnishee, execution or attachment for debts, damages and other obligations.

Municipal-Type Governments

There are more than 600 native bands in Canada. Seventy-five per cent consist of less than 1,000 registered Indians and almost 50 per cent have fewer than 500 members. Band sizes range from two members to over 17,000. The average band population on-reserve is 500. Municipal-style governments throughout Canada successfully govern small communities. Local government is delegated from the provincial government. If changes are needed, they can be implemented in the light of actual experience. In addition, local governments also have clear limitations on the powers they can exercise, thus providing a greater degree of certainty and accountability.

Recommendation 7:

Municipal-type governments successfully manage small communities all over Canada. This model should be implemented for native reserves rather than a constitutionally protected “third order” style of government. In addition, the development of individual property rights must be established and protected in order to generate the wealth needed for a self-financed municipal-style of government.

Votes for Non-Aboriginals Living on Reserves

If someone is a full-time

resident of a municipality, voting rights are assumed – regardless of ethnicity. Under aboriginal governance, non-aboriginals living on reserves have no democratic right to participate in the local political community, even though they may pay property taxes to the local native band.

Recommendation 8:

Non-natives living on reserves and paying taxes in their local communities must be granted the democratic right to participate in the local political community by being granted the right to vote. In addition to a right to vote, non-natives living on reserves must be given the opportunity to serve as elected representatives on band councils.

The CTF believes Canadians – all Canadians – are fundamentally alike. Therefore all legislation and government policy must be based on fairness and equality – not race. As former Prime Minister Trudeau once stated, “The time is now to decide whether the Indians will be a race apart in Canada or whether [they] will be Canadians of full status.” In other words, the time for equality is now.●



Aboriginal Policy Centre Director Tanis Fiss
with the CTF’s position paper
The Lost Century.



Petition: Abolish the Indian Act

To the Federal Minister of Indian Affairs and Northern Development, Robert Nault:

Treating one ethnic group of Canadians differently from another is wrong both morally and intellectually. However, Canada's *Indian Act* does precisely that.

There are no legal or constitutional barriers to ending the exercise of federal jurisdiction over Indians. Though the federal government has sole jurisdiction, that does not mean that it must exercise it. Therefore, the federal government can abolish the *Indian Act* and the policies of segregation at any time.

We the undersigned believe:

To end the practice of segregation and to achieve equality for all Canadians, the *Indian Act* must be phased out over the next 20 years. By 2023 the *Indian Act* should no longer be part of the Canadian landscape.

Name (print) _____ Signature: _____
Address: _____

Name (print) _____ P.C. _____
Signature: _____
Address: _____

Name (print) _____ P.C. _____
Signature: _____
Address: _____

Name (print) _____ P.C. _____
Signature: _____
Address: _____

_____ P.C. _____

Fax or mail petitions to:
(250) 388-3680
Canadian Taxpayers Federation – Centre for Aboriginal Policy
Change

604 – 1207 Douglas Street, Victoria, BC, V8W 2E7

2002 Year in Review

Each year CTF offices in five provincial capitals and Ottawa handle hundreds of media interviews, hold press conferences, publish reports, make presentations to government and issue regular news releases, commentaries and publications to advocate the common interest of taxpayers. CTF representatives also speak at functions and organize campaigns nationally and in the provinces that lead to public policy change. Each issue of *The Taxpayer* highlights these monthly activities. Once a year we compile these activities into an annual summary for you, our supporters. Because of space limitations the following are highlights only, and focus on CTF-led, proactive advocacy for the 2002 calendar year.

JANUARY

NATIONAL: The CTF comments on the Mazankowski healthcare report in Alberta which makes 44 recommendations including many advanced by the CTF such as choice, competition, accountability and pre-funding options. The CTF pens an open letter to Premiers' meeting in Vancouver stating that now is time for new ideas in health care, rather than finger pointing at Ottawa.

MANITOBA: The first annual Capital Region Property Tax and Utility Charge Survey compares tax and utility rates amongst the 11 communities in the Greater Winnipeg area. A \$100,000 assessed house in Winnipeg came in at \$4,964 compared to Lorette in the RM of Tache at \$3,438.



CTF federal director Walter Robinson handles media questions after making a health care reform presentation before the Romanow Commission.

BC: The CTF supports the government's announced 8% reduction in public service costs over three years and releases an analysis showing many other provinces and the federal government cut far deeper. The CTF also releases a statement calling on the government to demonstrate leadership by taking a 5% pay cut. The very next day, the government responded they would do exactly that.

ONTARIO: Injecting itself into the PC leadership race, the CTF sends each candidate a five-question survey on issues related to health, education and fiscal management. Second, the CTF chal-

lenges each candidate to sign a Debt Reduction Pledge which would bind a government under their leadership to commit a nickel from every tax dollar collected to go directly to paying off Ontario's \$110.7-billion debt. None of the candidates had the courage to sign.

ALBERTA: In the wake of a proposed 30% increase in health care premiums, the CTF launches a campaign — including a petition and radio ads — reminding Premier Klein of his pre-election commitment that taxes would

2002 Year in Review

only go down. In spite of 5,000 petitions being delivered to the premier's office, the government increases taxes (including health taxes) by \$641 million in its March budget. Spending is now up 45% in just six years.

FEBRUARY

ALBERTA: Director John Carpay participates in the province's "Future Summit" which addresses public policy in a post-debt Alberta. The CTF's paper called "Accountable Government for Alberta's Debt Free Future" discusses direct democracy, spending control legislation and income tax elimination.

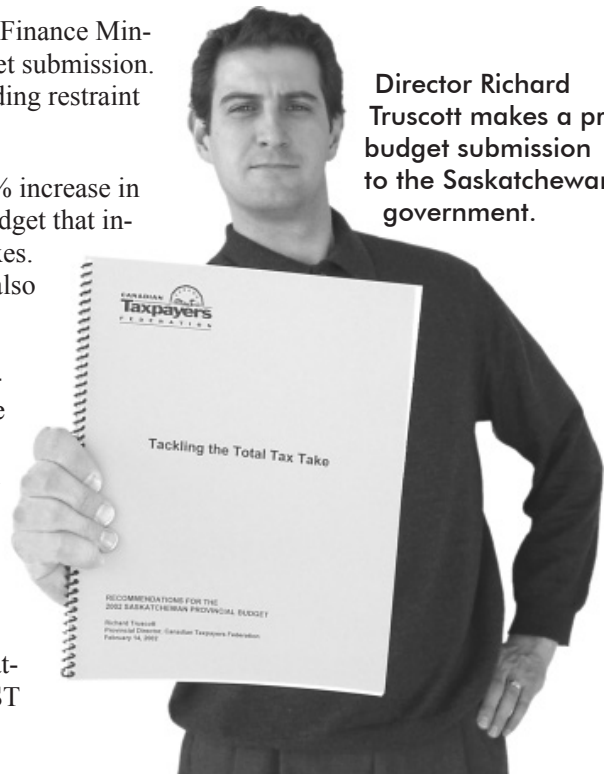
MANITOBA: Director Victor Vrsnik meets with Finance Minister Greg Selinger to present the CTF's pre-budget submission. Income and property tax relief coupled with spending restraint highlight a sometimes heated exchange.

BC: The Tax Flip Flop. The CTF criticizes a 50% increase in health care premiums followed by a provincial budget that increases sales taxes, tobacco taxes and property taxes. The cuts in the public sector over three years are also scaled back from 8% to 6%.

FEDERAL: The CTF releases "A Taxpayers Audit of Technology Partnerships Canada (TPC)" the government's flagship business subsidy program revealing nearly \$1 billion doled out in loans with a mere 3% returned over seven years.

SASKATCHEWAN: Director Richard Truscott makes a pre-budget submission to the Saskatchewan government and Finance Minister Eric Cline calling for the sale of crown assets, a legislated end to business subsidies, no increase in the PST (as rumoured) and an examination of the total tax burden rather than just income tax in isolation.

Director Richard Truscott makes a pre-budget submission to the Saskatchewan government.



MARCH

FEDERAL: The CTF makes a health care reform presentation before the Romanow Commission on its first day of public hearings in Regina. Romanow was publicly appreciative of the "weight and passion" in which our ideas were presented.

SASKATCHEWAN: A CTF report on property taxes shows overall property tax increases of 7% across the province in 2001 (9.5% rural and 4.3% urban). The biggest increase comes from school taxes on agricultural land which jumped an incredible 15% in one year!

NATIONAL: The CTF launches its new Centre for Aboriginal Policy Change. The Centre is a CTF and Canadian first: a full-time, permanent

2002 Year in Review

In March 2002, the CTF opened its Centre for Aboriginal Policy Change under the direction of Tanis Fiss.



and professional advocacy presence to monitor, research and provide alternatives to current aboriginal policy. The Centre's director is Tanis Fiss who works out of the CTF's Victoria office.

BC: A CTF report titled *Ending the Prohibition: The Case for Competitive Liquor Sales in British Columbia*, was released making the case for provincial liquor sales competition. The report generates media and a response from the BC Government Employees Union.

NATIONAL: Federal Court Justice Douglas Campbell grants descendants of Treaty 8 Indians an all-inclusive tax exemption in *Benoit v. Canada*. Your CTF, which intervened in the court case in support of equality of all taxpayers, handled a flood of media interviews in response to the decision. A hastily organized CTF campaign urging the federal government to appeal the decision was successful. The CTF will again intervene in the appeal.

NATIONAL: The fourth annual Teddy Waste Awards (modelled after the Oscars) are handed out at a black tie news conference on Parliament Hill. Farm Credit Canada takes the federal Teddy for its \$433,000 one word name change. The Alberta government takes provincial honours for its botching of the Goddard-Day law suit. Brian Tobin received the year's lifetime achievement award.

FEDERAL/BC: Embroiled in a softwood lumber dispute with the Americans, the CTF slams the federal government for handing out \$85-million in subsidies to Quebec-based lumber companies – with one announcement as recent as February 2002!

SASKATCHEWAN: Prior to the provincial budget, director Richard Truscott presents 10,000 petitions to the Premier demanding school property tax relief. Unfortunately, the budget would be more of the same: a smoke and mirror balancing act with little relief for property taxpayers.

APRIL

FEDERAL: A cruel April Fool's joke: the federal government's Flying Tax goes into effect. Since the tax was announced in the December 2001 federal budget, the CTF has issued two analyses, dedicated a *Taxpayer* cover, written two letters to Finance Minister Paul Martin, held a press conference, published five opinion editorials, written eight commentaries and conducted over 125 media interviews on this issue.

MANITOBA: In the lead-up to the provincial budget the CTF issues a statement pointing out that the province suffered a net out-migration of 4,500 people in

2002 Year in Review

2001, up nearly 1,000 from the previous year. Director Victor Vrsnik criticizes a budget that imposes nickel and dime tax increases coupled with a refusal to re-index the income tax system.

MAY

NATIONAL: News conferences across the country mark the CTF's 4th annual Gas Tax Honesty Day which this year featured a national petition and revised report recommending the creation of a Municipal Roadway Trust.

CAPC: New director Tanis Fiss continues to be the only voice in British Columbia (outside the provincial government) supporting the province's referendum on treaty principles. Interviews are conducted across the country and opinion editorials appear in several newspapers. The mail-in referendum which wrapped up May 15 would give overwhelming support to the principle of equality.

MANITOBA: The CTF releases a report showing that Winnipeg businesses will pay an additional \$5.3-million in the Education Support Levy in 2002 to offset a \$10-million cut for residential property owners. Director Victor Vrsnik notes the province's so-called tax cut is really a tax redistribution scheme.

NATIONAL: The federal court of appeal grants a stay of the judgment in the Treaty 8 taxation case until a higher court decides this case. The CTF later issues statements commending the BC and Saskatchewan governments for their decisions to intervene in the case.

SASKATCHEWAN: On the eve of a meeting of prairie premiers in Regina, the CTF issues a statement declaring that federal and provincial governments have failed farmers. Rather than lurching from bailout to bailout, politicians can do more to ease costs in their own backyard, especially with skyrocketing rural property and school taxes.

ALBERTA: Director John Carpay makes a presentation before the province's Financial Management Commission. The presentation focuses on amending three pieces of legislation – including the province's Taxpayer Protection Act – to control spending and better protect taxpayers.

BC: A CTF released analysis reveals major BC labour unions received \$10-million from provincial taxpayers alone between 1992 and 2001.

The 2002 Teddies included a sordid tale of how one word cost taxpayers \$433,000.

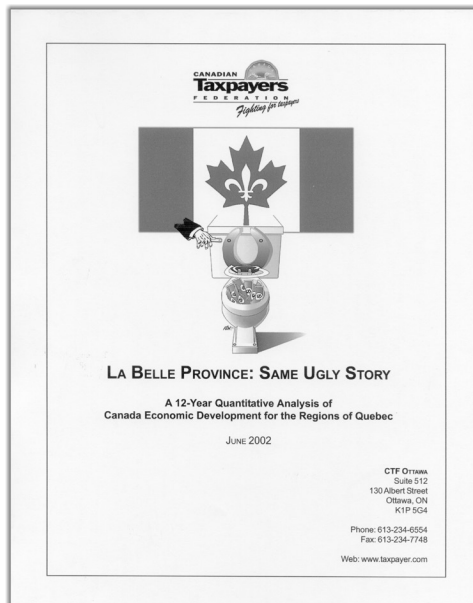


2002 Year in Review

JUNE

FEDERAL: The CTF releases its fifth major report on federal corporate welfare this time detailing \$1.8-billion doled out through CED-Quebec for the period 1989-2000. The top recipient is ski destination/resort Station Mont-Tremblant receiving \$48.9 million.

ONTARIO: The CTF reacts unfavourably to a budget that increases spending and taxes along with little commitment to debt reduction. Worse, the budget will force – yet unseen – amendments to the province's *Taxpayer Protection Act*.



In its fifth major report on federal corporate welfare, the CTF details \$1.8-billion doled out through CED-Quebec.

NATIONAL: CTF directors across the country react to Tax Freedom Day arriving June 28th – a two-day setback from last year! Taxes in 2002 will consume 48.6% of the average Canadian household's income.

MANITOBA: The CTF commends Manitoba's NDP government for taking the initiative in calling for a reduction in inter-provincial business subsidies at the internal trade ministers meeting in Vancouver.

JULY

FEDERAL: The ongoing 'sponsorgate' fiasco results in 'new guidelines' and the firing of broker agencies. In a statement the CTF asks why Ottawa continues to provide handouts to Formula One races, fishing derbies and hot air balloon festivals at all?

ALBERTA: CTF director John Carpay gives a mixed review of the report of the Financial Management Commission and its 25 recommendations. John also presents the CTF's health care paper to an MLA task force.

SASKATCHEWAN: Calling it a construction hangover, documents obtained and released by the CTF reveal the provincial government has spent some \$8.5-million on liquor store construction and renovation in the last four years.

BC: Partial victory! While details are sketchy, the BC government announces that it will allow space for more private retailing and distribution of liquor. A *Vancouver Sun* editorial quotes the CTF's March study on liquor privatization at length.

FEDERAL: The Minister responsible for ACOA, Gerry Byrne, states in an opinion editorial in the *Charlottetown Guardian* that the CTF's opposition to corporate welfare demonstrates "glaring ignorance". In a response oped to the paper, director Walter Robinson challenges the Minister to a public debate.

AUGUST

BC: Significant media coverage surrounds information released by the CTF revealing that BC Ferries employees were given 62,000 partially free vehicle rides last year on the ferry system. That's equivalent to 132 full vessels or four full days of summertime sailings between Victoria and Vancouver. Taxpayers continue to subsidize the BC Ferry Corporation to the tune of \$95-million annually.

FEDERAL: The CTF reacts swiftly to Transport Minister David Collonette's musings that gas taxes should be raised to meet and finance infrastructure needs in Canadian cities. In dozens of interviews across the country CTF directors point out that only 2.4% of the \$4.8-billion collected in fuel tax revenue is transferred to roadway development. The CTF also points to its Municipal Roadway Trust proposal as a real solution.

FEDERAL: The CTF fields several media calls on the Prime Minister's announcement that he expects Parliament to ratify the Kyoto Protocol before Christmas. The CTF expresses concern about process, higher taxes, the cost of emissions credit trading and job losses. The CTF joins with eight other groups in placing full page ads opposing Kyoto in the two major national dailies.

FEDERAL: The Prime Minister's announcement that he intends to step down in February 2004 has media calling the CTF for comment and calculations on the \$153,000 annual pension he'll receive after leaving office.

SEPTEMBER

CAPC: Access to Information data obtained and released by director Tanis Fiss reveals that native band deficits increased by 181% over the last nine years to \$373 million. The data also shows that the number of native bands in deficit rose by 21% over the same period to 188 bands.

MANITOBA: At a well-attended press conference, director Adrienne Batra releases results of the 2002 Capital Region Residential Property Taxes and Utility Charges Survey. East St. Paul topped the survey as the most affordable community to own a house,



BC taxpayers get taken for a ride on BC ferries.

while Winnipeg was found to be the most expensive.

SASKATCHEWAN: At his final news conference, outgoing director Richard Truscott described the province's Information Law as having more holes than Swiss cheese pointing to eight pages of exemptions. Richard, who used the law hundreds of times during his tenure as a CTF director offered several recommendations to improve the legislation.

OCTOBER

ONTARIO: In response to an omnibus bill dressed up as financial reform legislation, director John Williamson lambastes the Eves' governments move to gut the *Taxpayer Protection Act*, delay scheduled personal and corporate income tax cuts, and freeze the education tax credit.

NATIONAL: A news release and petition demands Ottawa hold a national referendum before ratifying the Kyoto Protocol. Director Walter Robinson draws comparisons with free trade and the Charlottetown Accord – each significant federal policies – that were subject to an election and referendum respectively.

FEDERAL: The CTF issues a statement in wake of the revelation that Ottawa plans to lose \$4 billion in corporate welfare loans (out of a \$6 billion portfolio) by 2020 courtesy of the Technology Partnerships Canada program. Director Walter Robinson points out the findings are precisely what the CTF warned of in 1996.

BC: The CTF makes its pre-budget submission to the province's Finance Committee in Prince George and focused on driving a spike through the province's \$4-billion deficit with a renewed commitment to spending restraint, privatization and restoration of lost tax cuts.

ALBERTA: In a news release and brief, Alberta director John Carpay called on the provincial government to force municipalities to use photo radar for promoting safety and not revenue collection.

FEDERAL: In a statement, the CTF urges the Prime Minister to require that leadership contenders for his job resign their cabinet post to avoid the abuse of government jets, staff, pork barrel politics and bogus con-

Manitoba director
Adrienne Batra
exposes Winnipeg's
high property tax and
utility rates.



2002 Year in Review

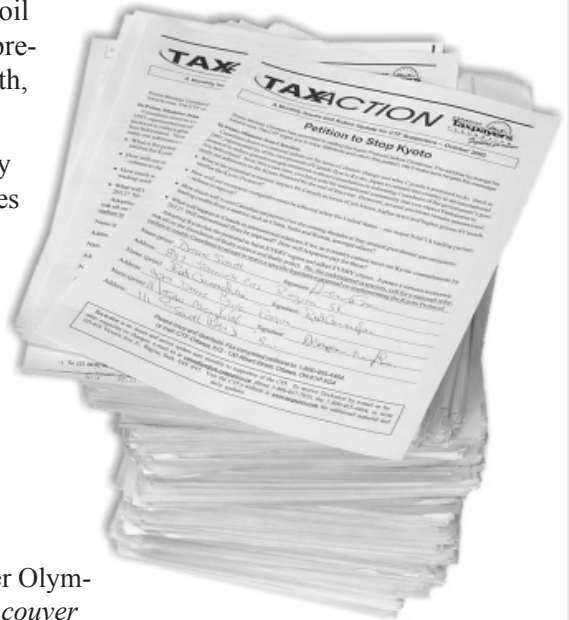
sultation exercises all at taxpayer expense.

ONTARIO: At his first news conference, director John Williamson offers strong support for the government's decision to take over school boards in Toronto, Hamilton and Ottawa because of massive spending overruns. A CTF petition lends support for the government's action.

SASKATCHEWAN: In a news release, the CTF responds favourably to announced tax and royalty cuts for the province's oil and gas industry. Director David MacLean asks why the premier's suggestion that the new policy will stimulate growth, cannot be applied to the rest of the economy.

MANITOBA: A civic election performance evaluation by the CTF found that only one out of five mayoral candidates makes the grade when it comes to meaningful tax relief.

FEDERAL: The CTF gives a mixed review to the Kirby Senate Committee's review of health care. Director Walter Robinson gives thumbs up to the committee's recognition of sustainability but thumbs down to more bureaucracy and a proposed hike in the GST.



Petitions in opposition to the Kyoto Protocol poured into CTF offices.

NOVEMBER

BC: The CTF continues to question the Vancouver-Whistler Olympic bid. A guest column penned by Victor Vrsnik in the *Vancouver Sun* asks if Olympic Games are as profitable as proponents claim, then why should taxpayers be forced to fork out hundreds of millions of dollars?

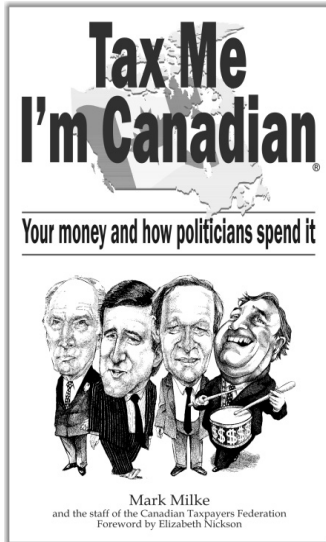
FEDERAL: Director Walter Robinson appears before the House of Commons Finance Committee in Montreal to make recommendations for the 2003 budget. The CTF's presentation focused on increasing the basic personal exemption, ending corporate welfare and other wasteful spending, mandatory debt reduction, dedicating gas taxes to roads and infrastructure and ending EI over taxation. Walter would later meet privately with Finance Minister John Manley.

NATIONAL: At an Ottawa news conference, the CTF releases findings of a commissioned study by noted academic Dr. Ross McKittrick showing implementation of the Kyoto Protocol will cost the average Canadian household \$2,700 starting in 2010.

NATIONAL/CAPC/AB: In-house legal counsel John Carpay addresses the Treaty 8 case before the Native Investment and Trade Association conference in Vancouver before heading to Ottawa to urge the Federal Court of Appeal to overturn the decision. Several media interviews were conducted. John also hosted three Treaty 8 informa-

2002 Year in Review

Tax Me I'm Canadian
written by
Mark Milke
and the
staff of the
CTF hits
bookstores
in
November.



tion nights in Edmonton, Red Deer and Calgary.

CAPC: The Centre releases a comprehensive position paper titled *The Lost Century*. Eight recommendations cover subjects concerning taxation, private property rights, accountability and governance. Its most bold recommendation is a phasing out of the Indian Act over 20 years. The paper received laudable editorial comment in the Sun media chain.

BC/MANITOBA: The CTF releases findings of \$400,000 handed to the partisan Canadian Centre for Policy Alternatives (CCPA) by the former BC-NDP government in its dying days in office. One editorial summed the story by dubbing the far-Left CCPA as the 'privatized research branch of the NDP'. Further CTF research found CCPA grants handed out by Manitoba's NDP government.

ALBERTA: Director John Carpay presents a paper titled "Excellence in Education through Accountability and Choice" to the province's Commission on Learning. The presentation was based on supporter survey results and included recommendations on merit pay and school vouchers.

NATIONAL: *Tax Me I'm Canadian – Your Money and How Politicians Spend It* written by Mark Milke and the staff of the CTF hits store shelves. Mark conducts interviews, book signings and receives favourable reviews. By January 2003, the book becomes a national best seller and goes into a second printing!

ALBERTA: A CTF-commissioned poll shows 83% support for taxpayer protection legislation in the province of Alberta. Conducted by JMCK Polling the survey was conducted between October 30th and November 9th.

ONTARIO: The CTF launches a radio campaign calling on Ontario MPs to "put the brakes on Kyoto". Director John Williamson announced the campaign to raise awareness about the high cost of implementing Kyoto and urges backbench MPs to reject the PM's hasty decision.

ONTARIO: Director John Williamson speaks to a rally in Central Ontario where taxpayers in Victoria County – reeling under 35% increases in property taxes – are demanding the province restore local government. The provincial government has since agreed to abide by an upcoming local referendum – it would be the first de-amalgamation triggered by voters in the province.

FEDERAL: Described by director Walter Robinson as "warmed up leftovers from the cafeteria of past health care reports" the CTF re-

2002 Year in Review

acts unfavourably to the Romanow Commission's final report which offers ideological intransigence and little in the way of new thinking. Walter had next day editorials published in both the *Ottawa Citizen* and *Montreal Gazette*.

DECEMBER

BC: Director Victor Vrsnik meets with Premier Gordon Campbell and Finance Minister Gary Collins to discuss the CTF's pre-budget recommendations and crown corporation restructuring.

SASKATCHEWAN: Information obtained and released by the CTF reveals bureaucrats at the province's newest Crown – Information Services Corporation – spent \$343,000 on travel in 2001 including such far flung locations as Albania. The purpose was to drum up business for a disastrous land registry system plagued by cost overruns and countless complaints from users.

ALBERTA: The CTF releases a 'Taxpayer Report Card' on the occasion of Ralph Klein's 10th anniversary. The premier received letter grades in 19 subject areas – earning an 'A' in debt repayment and an 'F' in democratic accountability. The brief, which included 10-year economic comparison charts, received significant media coverage.

SASKATCHEWAN: The CTF vowed to fight any government consideration of a proposal by SUMA to levy a \$25 property tax on all vehicles to cope with municipal infrastructure needs. Director David MacLean reiterated the CTF's call for the federal government to start dedicating gas taxes to roads.

NATIONAL: Director Bruce Winchester hand delivers some 25,000 petitions to the Prime Minister's office in opposition to the Kyoto Protocol vowing the fight is not over regardless of the parliamentary vote to ratify.

FEDERAL: The New Year's hangover continues with payroll taxes rising for the 12th straight year! While EI taxes drop by a dime for every \$100 of earnings, CPP taxes will raise by 25 cents meaning Canadians will fork out an extra \$90 in 2003. Rising 45% since 1992, payroll taxes are increasing at twice the rate of inflation.

Activity Report 2002 Year in Review		
Office	Media Interviews	Events/ Speeches/ Letters/Releases/ Reports/Meetings/Etc.
Ottawa	1146	212
BC	579	143
Alberta	561	339
Manitoba	496	165
Sask	432	180
Ontario	326	62
CAPC*	179	63
Total	3719	1164

* CAPC stands for the CTF's Centre for Aboriginal Policy Change.

Campbell Challenges Tax Cut Opponents



Provincial director Victor Vrsnik, right, meets with BC Premier Gordon Campbell to present the CTF's pre-budget submission.

by Victor Vrsnik

You can count them on both

hands. Of all the naysayers who pounced on Premier Gordon Campbell's 2001 income tax cut, only ten had the courage of their convictions to write on the envelope, "return to sender".

Not long ago, the BC Liberals announced a sweeping tax reform package. To the delight of most British Columbians, taxpayers were allowed to keep an extra \$1.5 billion or 25 percent of their hard-earned income for themselves and their families. Predictably, the special interest groups howled in protest.

In light of new

documents, it's safe to say the protesters were a minority. More accurately, they were the chemical fraction of an inaudible whimper. Opposition to income tax cuts was amplified by the media but it seems most taxpayers were happy to take the money and run. And why not. They earned it.

In a September 2001 speech, Premier Campbell issued this challenge:

“A full year later, it turns out that of the 1.8 million British Columbians who pay income taxes, only ten took up the Campbell challenge and refused the money.”

“... I want people to know this: if they think the tax cuts we've provided them with were wrong, I'm willing to allow them to personally change

that policy by writing a cheque and sending it to the Finance Minister... and we will allow people to even tell us the services they would like to support...”

A full year later, it turns out that of the 1.8 million British Columbians who pay income taxes, only ten took up the Campbell challenge and refused the money.

Documents recently obtained from the Finance Department show that only \$5,210.63 of the \$1.5 billion tax cut was returned to the province from private citizens in British Columbia. That works out to a .000003 per cent return ratio to tax cuts given.

Only three individuals dedicated their tax cuts to health care, for a total of \$1,180. The

two largest cheques for \$1000 and \$2000 were directed to the Ministry of Human Resources for the purposes of “income assistance” and “to help social workers.” A \$480 cheque was targeted for “habitat protection and pollution prevention.” \$12.25 was to be divided between “child care, post secondary education and transition houses.” And \$150 was given to the Ministry of Finance to spend as it sees fit.

That tells you something about the level of protest to the Campbell tax relief package. It’s muted barring the exception of a noisy minority.

The survey of returned tax cuts also illuminates some of the reasoning behind the Liberal’s economic policy. When the province released its Second Quarterly Report, BC commentators noted that the 2001 tax cuts failed to achieve targeted revenue projections. But they missed the point.

British Columbians voted for the Liberal tax cuts not only because they thought government revenues would multiply like the miracle of the fishes and loaves. But because they felt entitled to a bigger slice of the wealth they created. How compassionate are the special interest groups to say otherwise?■

Hydro opponents tilting at windmills

by Victor Vrsnik

Opponents of BC Hydro reform are tilting at windmills – not the alternative energy source, but the phantom threat of Hydro privatization. Reaction to the BC Liberal’s new energy policy still harped on “creeping” and “incremental” privatization. What part of the government’s commitment to keep BC Hydro’s core assets don’t they get?

Despite repeated government claims that privatization is not in the cards, the naysayers know better. So much so, that the *BC Citizens for Public Power* is raising funds for a class action lawsuit to stop the phantom Hydro privatization.

The lawsuit is about as frivolous as a court action gets. According to the *BC Citizens for Public Power*

web site, the suit claims a breach of contract; “that our return on investment is being taken away from us.” One of the recurring myths that make the die-hards pine for government monopolies is that the public *owns* BC Hydro. Technically yes, but not in the sense that investors *own* stock.

Do you recall receiving annual dividend cheques from BC Hydro? Were you ever able to sell your shares to make a return on your investment? Answer: No. Because there is no return on investment to ratepayers. Therefore there can be no breach of contract. The government takes a slice of Hydro’s profits but that should not be construed as a dividend since consumers pay for those profits in the form of higher-than-necessary utility rates.

The other frivolous claim made by the ‘profit-is-a-dirty-word’ crowd is “unjust enrichment;” that no one should profit at the expense of taxpayers and customers.

Public policy on energy should not trouble itself with how much profit BC Hydro or an independent power producer earns, but rather how to supply BC citizens and companies with a reliable and sufficient energy supply at the lowest price possible.

Neither of these policies can be delivered with the operating model of BC Hydro as a single Crown Corporation. Over the past decade, the province was a net importer of energy. The new energy plan will break apart generation, transmission and distribution — a move that will clear the way for independent power producers to invest in British Columbia.

The policy shift has already raised the ire of protest groups. But they miss their target by turning their guns on a phantom privatization. Will they admit to seeing ghosts and drop their frivolous lawsuit?



The lawsuit is about as frivolous as a court action gets.

ALBERTA



**Getting
good value
for our**

Education TAX DOLLARS

Albertans pay \$3.6 billion per year to operate over 2,000 elementary and high schools and to pay more than 36,000 teachers. Alberta's Commission on Learning is conducting a comprehensive review of the education system, to be completed by June of 2003. In November of 2002, CTF-Alberta director John Carpay presented the views of CTF supporters to the Commission in "Excellence in Education through Accountability and Choice," summarized here:

1. REWARD EXCELLENCE IN TEACHING WITH MERIT PAY

CTF supporter survey question and response:

In addition to the number of years worked and the level of education achieved, should competence, performance and merit be criteria for determining teachers' salaries?

Yes 91% No 5% Undecided 4%

A teacher's salary is based exclusively on seniority and on whether the teacher has four, five or six years of post-secondary education. An effective and hard-working teacher is paid exactly the same as one

who is unmotivated and incompetent. In contrast, members of other professions are paid according to competence, performance and merit. Alberta's current "pay grid," which puts every teacher into one of 33 "salary boxes" regardless of merit, is unfair to teachers, students, parents, employers, and taxpayers.

2. SEPARATE THE ATA INTO A UNION AND A PROFESSIONAL BODY

CTF supporter survey question and response:

The Alberta Teachers' Association (ATA) functions

both as a union to bargain for teachers' salaries, and as a professional body to set standards for teacher training and teacher conduct. In contrast, Alberta's doctors, lawyers, accountants and other professionals are regulated by professional bodies which are entirely separate from unions. Should the ATA be divided into two separate organizations: a union and a professional body?

Yes 87% No 6% Undecided 7%

A teachers' union, by virtue of its obligation to protect its members, will typically fight against an attempt to discipline or fire a



ALBERTA

teacher regardless of circumstances. In contrast, a professional body serves the needs of students and parents, by excluding teachers who perform poorly.

By forcing the Alberta Teachers' Association (ATA) to be both a union and a professional body, the *Teaching Profession Act* creates a conflict of interest. Nothing prevents the Alberta Government from changing the *Teaching Profession Act* to create a professional body which is separate from the union.

3. SCHOOL PRINCIPALS SHOULD NOT BE REQUIRED TO JOIN THE UNION

CTF supporter survey question and response:

Currently, school principals are required to be members of the ATA. Should principals continue to be required to be members of the ATA?

Yes 15% No 76% Undecided 9%

As managers of schools, with responsibility for hiring and managing teachers, school principals should not be required to belong to the teachers' union. Once the *Teaching Profession Act* is amended to separate the union from the professional body, principals could still be required to belong to the professional body – but not to the union.

4. EMPOWER PARENTS AND INCREASE ACCOUNTABILITY WITH VOUCHERS

CTF supporter survey question and response:

Should Alberta adopt a “voucher” system for schools, in which education tax dollars follow students to whatever school they attend, according to the parents' wishes?

Yes 74% No 17% Undecided 9%

Parents should have the right to choose the school that they believe will best suit their children's needs, and to remove their children from a school which fails to meet those needs.

Alberta's school system already has a degree of choice, but this should be extended further. Each parent with a school age child should receive a voucher (an equal per-pupil grant) from the Alberta government. That voucher could be used by the par-

ent for any school in Alberta (public, Catholic, charter, private, etc.) of their choosing.

5. TEACHERS SHOULD NOT HAVE THE RIGHT TO STRIKE

CTF supporter survey question and response:

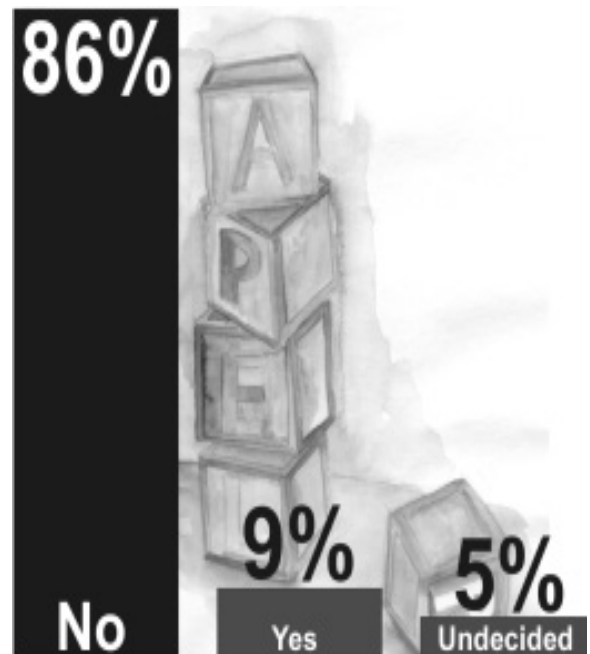
Should teachers have the right to strike?

Yes 17% No 74% Undecided 9%

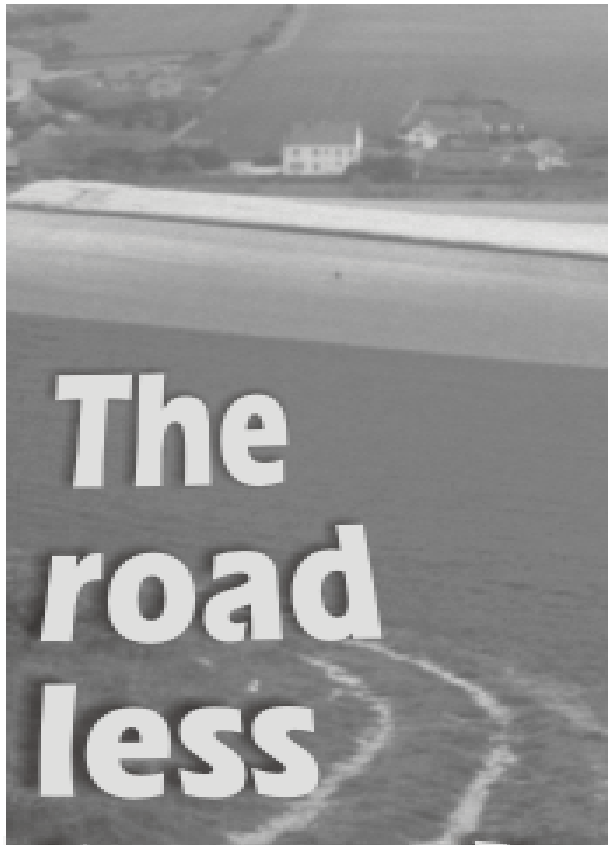
As long as the *Teaching Profession Act* gives the Alberta Teachers' Association a virtual monopoly on education, teachers should not have the right to strike. Taxpayers pay for public education as an essential service, which should not be withheld.

“Excellence in Education through Accountability and Choice” is available from the CTF's Edmonton office, and under “studies” at www.taxpayer.com. ■

SHOULD PROVINCIAL TAXES BE INCREASED IN ORDER TO PUT MORE MONEY INTO EDUCATION?



In the 2001-02 fiscal year, Alberta spent more (per person) on government programs than any other province in Canada. Rather than raise taxes, the Alberta government should better manage the revenues it already takes from Albertans. The CTF's proposals for more accountability and choice will lead to greater excellence in education, while costing taxpayers no more, and possibly less.



Three taxpayer wishes for the new year

by David MacLean

In mid-December we awoke to news confirming what most of us already knew: According to census figures, 25,000 people left Saskatchewan between 1996 and 2001. It's a disheartening trend, but illustrates the point that something is clearly wrong.

Retention of the tax base is this province's single most important policy challenge. The government's willingness to make changes that help keep our province's best and brightest at home is the key to prosperity over the next 20 years.

Saskatchewan is rich with natural resources and fertile farmland. We have a highly skilled and educated workforce.

We have excellent infrastructure, capable of supporting substantial growth.

But growth has eluded Saskatchewan since the depression. Our population has more or less remained the same since the 1930's, while other provinces have grown.

We currently stand at a crossroads. Our NDP government seems content to stick with what got us to where we are now: government intervention in the economy and stifling taxes. The road less travelled in Saskatchewan history is one of economic reforms and fiscal restraint. These are not magic solutions for our province, but they are essential components of any plan to foster growth and prosperity.

Taking the road less travelled can make all the difference. Following are three modest proposals for 2003 aimed at making Saskatchewan a better place to live, work and raise families.

Reform school and property taxes. School and property taxes are the biggest taxpayer issues in Saskatchewan, and reform aimed at bringing in equality and fairness is urgently needed. Saskatchewan has the highest school taxes on property in

Canada. The province should give property owners meaningful property and school tax relief in the next budget. We should conduct a comprehensive review of the way property and school taxes are calculated and levied to make

the system fairer for all taxpayers and more sensitive to income.

"Another study?" In this case, yes. Property taxes are a complicated issue with a lot at stake, and it's important we come up with lasting solutions – not band-aids. The province went through a similar process reviewing income tax and came out of it with some positive results.

Why do we tax the working poor? Increase the basic personal exemption.

The Basic Personal Exemption (BPE) is the amount of money you earn before paying income tax. For provincial income tax, the BPE is \$8,000 –

“Retention of the tax base is this province's single most important policy challenge.

The government's willingness to make changes that help keep our province's best and brightest at home is the key to prosperity over the next 20 years.”

which is better than Manitoba's (\$7,412), but not even close to Alberta's (\$13,525). Saskatchewan's BPE should be gradually increased to equal Alberta's rate and indexed to inflation. Increasing the BPE benefits the working poor the most, and provides an incentive to those on the fringe of the job market to work full time.

Freeze new government spending. Spudco, ISC, SIGA and the ballooning provincial debt

present clear warning signs that our government is not capable of effective administration. And now there are new government-subsidized ethanol plants on the horizon that will expose taxpayers to even more risk. All the while, government debt has ballooned by nearly a billion dollars over the last two years. The government should adopt this simple principle: We will not spend money we do not have. ■

Indian gaming authority slammed for slack accounting practices

In December, Saskatchewan's Provincial Auditor Fred Wendel delivered a damning report on the province's finances. For the third straight year, the Auditor slammed the Saskatchewan Indian Gaming Authority, the body that oversees casinos in the province, for slack accounting practices and two "unauthorized" payments totalling \$550,000 (\$400,000 to the Federation of Saskatchewan Indian

SIGA include documentation of organizational goals and objectives, completion of business and financial plans, public reporting of planned and actual results, and establishing adequate policies to ensure their books show all transactions. These are the kind of things taught to first-year business students. ■



“Of 19 recommendations to SIGA made by the Provincial Auditor since 2000, only seven have been implemented”

Nations, \$150,000 to Sask Indian Gaming Licensing).

Of 19 recommendations to SIGA made by the Provincial Auditor since 2000, only seven have been implemented, four have been partially implemented, and eight have been completely ignored.

These recommendations weren't outlandish – they are fundamental principles of business. Recommendations ignored by

Sask bureaucrats globetrotting

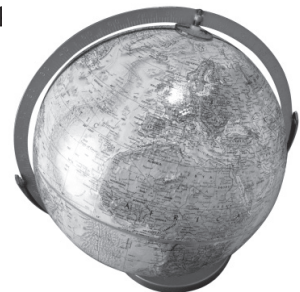
The province's newest crown corporation Information Services Corp came under fire after documents released by the Canadian Taxpayers Federation revealed ISC officials spent 2001 jet-setting around the globe on the taxpayers' tab. Destinations included Australia, Fort Lauderdale, Orlando, San Francisco, Hong Kong, Ukraine, Washington and Frankfurt.

The purpose of the travel was to drum up business for its disastrous land registry system, which has been plagued by cost overruns and countless complaints from users.

Total out-of-province travel costs in 2001 came to \$172,000, with in-province travel totalling an additional \$171,000. Among the most bizarre trips taken by ISC officials was to Albania, an impoverished nation of 3 million where only two per cent of the population have telephones.

No surprise here: no sales resulted from the trips taken by ISC bureaucrats.

The kicker is that ISC will reportedly cost taxpayers \$107 million – five times its original budget of \$20 million. New ISC president Mark MacLeod appears to have a stronger grasp of principles than his predecessors, and claims to have shaved \$2 million off the ISC's \$30 million budget. Too little, too late – taxpayers should never have been dragged into this mess in the first place. ■



The Provincial Drone Speech

by Adrienne Batra



Ho hum, another year, another Throne Speech.

As Lieutenant Governor Peter Liba rose in the Legislature to deliver the government's plans for the province, it was painfully obvious that this was not going to be a barn-burner. This rather uninspiring dribble consisted of the government patting themselves on the back for all of the wonderful things that they have supposedly accomplished for Manitobans since they came to office in 1999.

Some of the highlights of the speech included:

- Introducing legislation that would require a referendum if the government ever decided to sell MPI (hey Mr. Premier, how about a referendum on Kyoto?);

- Creation of a new Manitoba Council on Immigration (after the Throne Speech this is going to be a key issue for the government since they are going to have to make up for the exodus of Manitobans); and

- Creation of

an agency that will promote tourism (here is a thought, why not focus on the people that are already living in the province and paying taxes?).

It is practically standard operating procedure for a government to talk about the environment and health care in a Throne Speech, and this one was no exception. The Doer Government is committed to

“The Doer Government is committed to Kyoto — regardless of the cost...”

Kyoto — regardless of the cost — and they will support the Romanow Commission's report: “restoring and improving the public health care system remains your government's first

priority.” Too bad Romanow did not come up with much to “restore” our health care system.

Here is what was not in the speech:

- No commitment to further tax cuts, at all (which is rather pathetic since they bragged so much about their fiscal prudence);

- No reduction in business or capital taxes (businesses are still pulling up stakes and relocating to other jurisdictions); and

- No indication how they plan on retaining our best and brightest in the province (every year we lose entrepreneurs, university graduates and skilled labour workers to other provinces).

It is rather unfortunate that the NDP government chose to focus on themselves rather than on those that pay their salaries. The lack of vision is somewhat disconcerting.

There is widespread speculation that this is the NDP's last Throne Speech before going to the polls next spring. This is not too surprising since the government appears to be more concerned with gloating than dealing with the serious issues facing the province.

This latest “drone” speech was not only uninspiring, it also lacked any air of humility that the government may have had before they got elected. ■

The “Art” of spending

by Adrienne Batra

Sometimes government-run Crown Corporations do things that make us all shake our heads in disbelief. Manitoba Public Insurance (MPI) had a painting commissioned by a local artist to commemorate its 30th anniversary and it cost ratepayers \$10,000. The now infamous painting shows a young girl and boy looking at a car (1971 Mustang to be exact), probably thinking to themselves that they wish they could afford the insurance to pay for it.

After news broke of this flagrant waste of your money, MPI quickly had their number crunchers come up with some sort of justification for the expenditure. The best they could come up with was that the total amount only adds up to approximately 1.25 cents per policyholder.

Some will say that this is not a number to get all bent out of shape. However, these same people forget that this painting is a symptom of a bigger spending illness at MPI. For example, the media had learned that MPI was going to spend \$200,000 (again, your money) to subsidize bus passes for its staff and it was only after a newspaper exposed this nugget of information that the Crown did an about-face and quashed the idea.

History has also taught us that MPI has not always exercised the best judgement when it comes to spending money wisely. A couple of years ago the brain trust at MPI decided that it would be a good idea to spend \$20 million of motorist's premiums on Manitoba's Universities. Again, it wasn't until after this was exposed that Premier Doer ordered MPI to return the money to ratepayers.

MPI spokesperson, John Douglas, stated “Do we take responsibility in terms of how we spend money? Absolutely we do.” It is interesting to note that Douglas chose to use the word ‘responsibility’ because that is not what most

“A couple of years ago the brain trust at MPI decided that it would be a good idea to spend \$20 million of motorist's premiums on Manitoba's Universities.”



Courtesy Manitoba Public Insurance
 "It's a picture of a family looking at a car they wish they could afford the insurance for," says taxpayers' watchdog.
 terms of how we spend money? "... What was spent is certainly for the motor vehicle branch.
 not out of it."

MPI's infamous artwork has now been pulled from display and is technically in hiding...

taxpayers would call spending the money they did. The Minister responsible for MPI, Gord Mackintosh, trotted out one of his staffers that claimed the Minister does not get involved with the day to day operations of MPI - fair enough - but surely he would have thought that spending \$10K on a painting would raise some eyebrows.

The last time I checked, MPI was created to provide effective auto insurance for Manitoba motorists at a fair rate, not buy artwork. Taking insurance money from motorists to pay for something so frivolous is just one more reason why government

should get out of the insurance business. More to the point, why does MPI continue to have a monopoly in Manitoba? This latest in the never-ending saga of irresponsible spending is yet another reminder of why the auto-insurance industry should be opened up to competition. ■

CTF pre-budget recommendations

by John Williamson

The past 12 months have not been a wholly pleasant time for Ontario taxpayers. 2002 began well enough with some tax relief, but in June the Eves government announced it would delay the next round of promised tax cuts, set for Jan. 1, 2003, by one year. It said a slowing economy forced it to be prudent, yet the tax freeze was not accompanied by a spending freeze, instead spending may jump by \$3.2-billion.

Increasingly, Premier Ernie Eves is moving away from the successful fiscal formula the government has championed since coming to power in 1995. That is to say, modest tax relief combined with even-handed spending increases and a touch of debt re-payment. As we approach another budget season, the CTF has outlined important priorities to restore a level of fiscal balance, and make 2003 a happier time for taxpayers.

On the spending side:

With every last penny being spent, it is difficult for government to cut taxes or pay down debt. But Ontario voters twice elected the Tories to fix government and make the tough decisions special interest groups seldom consider. Yet the province is budgeted to spend a record



Premier Ernie Eves

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consulting fees, stating taxpayers “frequently did not obtain value for money when using consulting services.” The province spent \$662-million on consultants last year, compared with \$271-million in 1997-98. Premier Eves: end this contract boondoggle.

Departments such as Citizenship (a federal responsibility), Intergovernmental Affairs and Enterprise should be shut down. These bureaucracies are budgeted at \$338-million; shutting them down could yield savings of \$200/\$250-million a year. Next, corporations like TV Ontario (TVO) and the Liquor Control Board of Ontario should be readied for divestiture or privatization. Other candidates such as fleet management, certain transit operations, and information technology servicing must also be identified.

Finally, this government should appoint an all-powerful committee to review departmental spending with an eye to rooting out waste and ending programmes

\$66.6-billion this year and in the final weeks of 2002, the premier promised to spend even more on health and education. Where this money will come from is not clear. So in the interest of good fiscal stewardship and balanced budgets, the following areas are ripe for cutbacks:

In December, the provincial auditor rapped the government’s knuckles for the rapid jump in

that no longer serve the public interest.

On the tax-front:

The biggest blunder the Eves government made in 2002 was delaying personal and corporate tax relief and freezing the education tax credit. That this U-turn violated the Taxpayer Protection Act, a law requiring a referendum on most tax hikes or delays in legislated tax cuts, did not deter the government. It passed a law gutting the TPA in December.

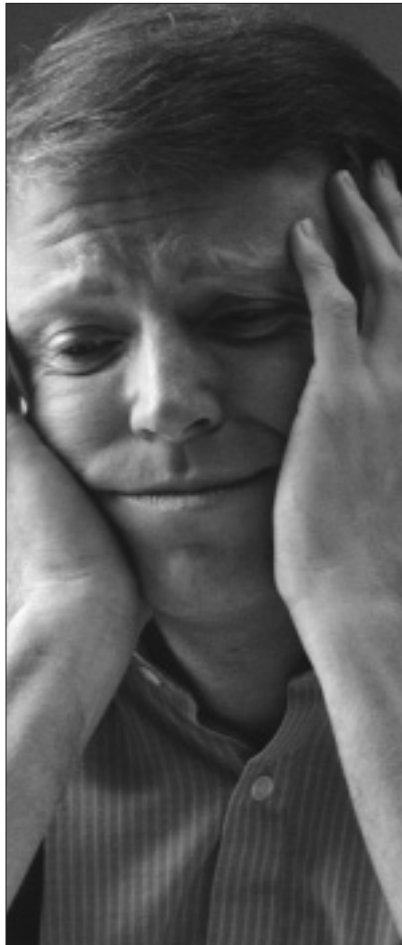
So where do the Tories go from here? For starters they need to demonstrate they are still on the side of weary taxpayers. Premier Eves says the tax relief will come January 1st, 2004. But in the meantime, legislators must consider other tax measures to improve the province's fortunes and give people a break.

One way is to raise the basic personal exemption for all taxpayers and stop taxing the working poor. Equally pressing is the need to eliminate surtaxes paid by so-called high-income earners, and reduce marginal tax rates. Ontario is the only province aside from high tax provinces PEI, Nova Scotia and Newfoundland to impose surtaxes, which punish success and hard work.

Canada's top tax rate kicks in at \$105,000 federally and \$64,000 provincially. This compares to about CDN \$450,000 in the United States. Raising the provincial level would help reduce the tax disincentive for people to work longer hours.

On the corporate tax side, it is important that business taxes be collected.

The auditor reported that due



to mismanagement, 355,000 businesses were able to evade filing income-tax returns. It is little wonder that corporate tax revenues fell by 33% in two years. Lost revenue means the government has less room for general tax relief and other programme priorities.

It is nearly unanimous that eliminating the insidious capital tax would increase productivity and attract investment. The tax is a huge disincentive for companies to invest profits in their firms and create new jobs. Kill the capital tax now.

Another wise move is to eliminate the provincial payroll tax - a tax on job creation paid by employers. Why would any government penalize businesses that hire

“The biggest blunder the Eves government made in 2002 was delaying personal and corporate tax relief and freezing the education tax credit. That this U-turn violated the Taxpayer Protection Act, a law requiring a referendum on most tax hikes or delays in legislated tax cuts, did not deter the government. It passed a law gutting the TPA in December.”

workers?

On our debt load:

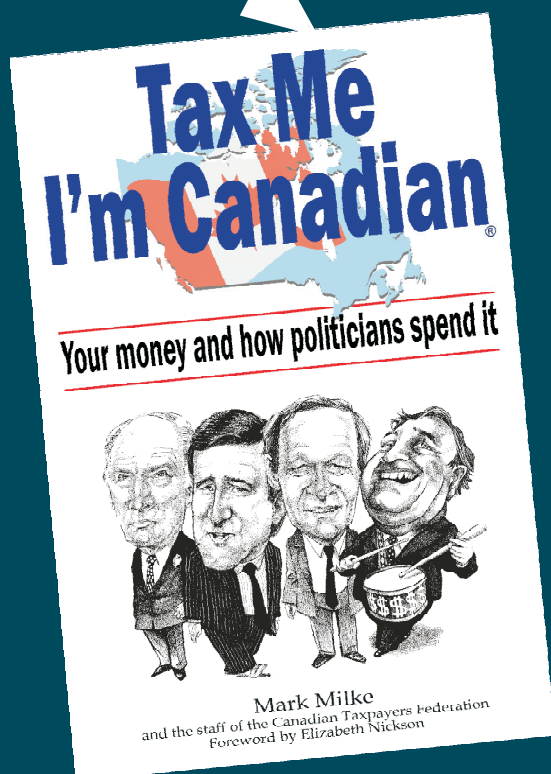
The province's debt is \$110-billion, but the all-important debt as a percentage of GDP is 24.26% and falling thanks to a strong economy. By historical standards this ratio is still too high. In 1990/91 it was a mere 12.95%. As long as the economy is growing and there is no return to deficit spending, the government can claim success in lowering the overall debt burden.

The CTF acknowledges the far-reaching fiscal reforms the Ontario government has implemented since 1995. But the fight for fiscal discipline and lower taxes must not halt. Last year, Tax Freedom Day in Ontario arrived on June 27, two days later than in 2001. This means Ontarians are falling further behind and worked longer to pay the taxes levied by all governments.

Our suggestions should give the government food for thought. ■

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